

1 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA  
2 IN AND FOR THE COUNTY OF LOS ANGELES

3 ORIGINAL

4 - - -

5 RELIGIOUS TECHNOLOGY CENTER, A )  
6 California Non-Profit Religious )  
7 Corporation; CHURCH OF )  
8 SCIENTOLOGY INTERNATIONAL, A )  
9 Non-Profit Religious Corporation; )  
and CHURCH OF SCIENTOLOGY OF )  
CALIFORNIA, A Non-Profit )  
Religious corporation, )

10 Plaintiffs, )

11 vs. )

12 JOSEPH A. YANNY, an individual; )  
13 JOSEPH A. YANNY, a professional )  
law corporation, and DOES 1-25, )  
inclusive, )

14 Defendants. )  
15 \_\_\_\_\_ )

No: BC 033035

DEPOSTION EXCERPT

16 DEPOSITION EXCERPT OF

17 GERALD ARMSTRONG

18 SANTA MONICA, CALIFORNIA

19 MARCH 17, 1992  
20

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8                    8                    and CHURCH OF SCIENTOLOGY OF                    )  
9                    9                    CALIFORNIA, A Non-Profit                    )  
10                    10                    Religious corporation,                    )  
11                    11                                       Plaintiffs,                    )  
12                    12                    vs.                    )                    No: BC 033035  
13                    13                                       )  
14                    14                    JOSEPH A. YANNY,                    an individual;                    )  
15                    15                    JOSEPH A. YANNY,                    a professional                    )  
16                    16                    law corporation, and DOES 1-25,                    )  
17                    17                    inclusive,                    )  
18                    18                                       Defendants.                    )  
19                    19                    \_\_\_\_\_ )

20                    20                    Deposition excerpt of GERALD ARMSTRONG, taken on  
21                    21                    behalf of the Plaintiff, at 3340 Ocean Park Boulevard,  
22                    22                    Suite 1050, Santa Monica, California 90405, commencing  
23                    23                    at 9:00 a.m., Tuesday, March 17, 1992, before Jan  
24                    24                    Serra, CSR 8207.

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A P P E A R A N C E S

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22

23

ALSO PRESENT:

24

MATT WARD

25

///



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I N D E X

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WITNESS: GERALD ARMSTRONG

3

EXAMINATION

PAGE

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BY MR. MOXON

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BY MR. YANNY

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EXHIBITS:

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NUMBER

DEFENDANT'S  
DESCRIPTION

PAGE

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(None)

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NUMBER

PLAINTIFF'S  
DESCRIPTION

PAGE

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(None)

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QUESTIONS WITNESS INSTRUCTED NOT TO ANSWER:

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PAGE

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INFORMATION TO BE SUPPLIED:

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1 (At the hour of 11:55 a.m. the,  
2 luncheon recess was taken, the  
3 proceedings to be resumed at 1:25 p.m.)  
4

5 (At the hour of 1:25 p.m.  
6 the following proceedings were had  
7 at the same place with the  
8 same persons present:)  
9

10 THE REFEREE: Are we ready to resume?  
11

12 EXAMINATION  
13

14 BY MR. MOXON:

15 Q Do you know John Elstead?

16 A Yes.

17 Q Tell me how you met him please?

18 A I met him at -- I'm not quite sure where  
19 I met him, but it may have been in the federal  
20 courthouse or around the federal courthouse in Los  
21 Angeles.

22 And then he and Joe Yanny and I walked to  
23 a Mexican restaurant in downtown L.A. This was for  
24 lunch.

25 MR. YANNY: Late breakfast actually.

1                   THE WITNESS: Could have been.

2                   Q       BY MR. MOXON: You sat together for

3 lunch?

4                   A       Right.

5                   Q       During that meeting with yourself and

6 Elstead and Yanny --

7                   When was that, by the way?

8                   A       July '91.

9                   Q       Was that those two days that you were

10 down helping Yanny with the declarations?

11                  A       One of those two days.

12                  Q       One of the days when you met at the

13 courthouse also?

14                  A       It might be the same day.

15                   MR. YANNY: That was a freak accident.

16                  Q       BY MR. MOXON: During the conversation

17 between yourself and Yanny and Elstead at lunch, was

18 there any discussion about the Aznaran case?

19                   MR. YANNY: I would, as former counsel

20 for the Aznarans, admonish the witness that a yes or

21 no will do, and to go much further we may have

22 privilege on behalf of parties which are not here

23 represented.

24                   THE REFEREE: First, yes or no?

25                  A       Yes.



1                   Q           BY MR. MOXON: What was the substance of  
2 that conversation?

3                   MR. GREENE: I'll object --

4                   MR. BERRY: Objection.

5                   MR. GREENE: -- on behalf of the  
6 Aznarans.

7                   THE REFEREE: Is this a conversation that  
8 was published in any way?

9                   In other words, if people are having a  
10 conversation in the presence of Mr. Armstrong, is that  
11 in essence a publication of the conversation?

12                  MR. GREENE: Your Honor, let me give you  
13 some background information.

14                  John Elstead is the current counsel for  
15 Richard and Vicki Aznaran. After Mr. Yanny was  
16 ordered by Judge Ideman off of the Aznaran case and I  
17 was ordered back into it, within a week I believe  
18 thereafter Mr. Elstead associated in as counsel for  
19 the Aznarans.

20                  I am informed and believe that during the  
21 course of this luncheon meeting specifically, Mr.  
22 Elstead was there for the purpose of representing or  
23 coming in to represent the Aznarans.

24                  MR. YANNY: And ascertaining the present  
25 whereabouts of the file.



1                   And I will represent as an offer of proof  
2                   to the court that my discussions with Mr. Elstead at  
3                   that point in time, in early July, centered around his  
4                   willingness to represent the Aznarans in that  
5                   litigation, in front of Judge Ideman, because I  
6                   realized there was trouble ahead and trouble behind.

7                   Mr. Armstrong was at that point in time  
8                   being considered as someone that was going to work on  
9                   that case as a paralegal. And all the potential  
10                  players were being put together to see what type of  
11                  team could be worked out.

12                  In that context I believe that the  
13                  privilege does attach.

14                  MR. MOXON: Your Honor, Mr. Armstrong has  
15                  testified he never received any money from Mr. Yanny  
16                  as a paralegal. He never discussed with Mr. Yanny  
17                  being a paralegal at his office.

18                  There is obviously a waiver. He's a  
19                  third party that was present.

20                  MR. YANNY: I don't believe there is a  
21                  waiver.

22                  THE WITNESS: I would like to correct the  
23                  record about you keep saying this about not being a  
24                  paralegal. But, as I've told you, I was in his office  
25                  for those two days and I did execute those

2 1 declarations.

2 And Mr. Yanny, I was there expressly at  
3 his request to help in -- the help that he asked me  
4 for was in connection with his coming back into the  
5 Aznaran case.

6 Q BY MR. MOXON: What do you mean -- what  
7 do you mean "coming back into?"

8 A Coming into the Aznaran case.

9 Q He worked on it earlier too?

10 A No.

11 MR. BERRY: I would add to the objection  
12 Your Honor that the payment of money is not necessary  
13 to the creation of the attorney work product  
14 privilege, just as it's not necessary to the creation  
15 of the attorney-client privilege.

16 THE REFEREE: In some ways it seems to me  
17 there is a tenuous relationship here with Mr.  
18 Armstrong. He came to help.

19 He was never employed in the normal sense  
20 of the word, it's --

21 MR. BERRY: I would argue, Your Honor,  
22 that it's like a person going to hire a lawyer. The  
23 conversations in that context, even if they don't  
24 result in employment of that lawyer, are still  
25 privileged.



1 MR. MOXON: There is a third party  
2 present.

3 MR. YANNY: And pro bono work.

4 MR. BERRY: Likewise, he was present for  
5 the purpose of being considered for employment and  
6 doing work in that regard. So the analogy applies.

7 THE REFEREE: I can see -- I can follow  
8 your reasoning better regarding a conversation held in  
9 the office than I can in going to lunch.

10 Going to the -- being at the courthouse  
11 under whatever circumstances, and then joining people  
12 for lunch, that -- I just don't see any automatic  
13 entitlement.

14 MR. BERRY: The privilege doesn't lose  
15 its character by leaving the office.

16 MR. MOXON: Your Honor, Mr. Armstrong and  
17 Mr. Yanny I don't think can really have it both ways.  
18 They can't assert that he's not working there and at  
19 the same time assert that he is working there.

20 Mr. Yanny had been involved in a year and  
21 a half of litigation with respect to the  
22 attorney-client privilege and attorney-client  
23 responsibilities. There can be no question that he's  
24 aware of the scope of, obviously -- the whole crux of  
25 this case is that he went out and breached the



2 attorney-client confidences to Mr. Armstrong, who is a  
3 person that Mr. Yanny represented the Church in  
4 litigation against when he worked for the Church of  
5 Scientology.

6 At any rate --

7 MR. YANNY: That's not true by the way.

8 THE REFEREE: One at a time.

9 MR. MOXON: He's clearly a third party in  
10 the context of this conversation because he's  
11 testified under oath.

12 He wasn't retained by Yanny and he never  
13 had any specific conversations with Yanny about being  
14 a paralegal for Yanny.

15 MR. YANNY: I think the record will  
16 reflect I'm making an offer of proof on the record  
17 that this man was being considered for a paralegal  
18 position. He did come down and help, and he's both a  
19 percipient witness, and I used his paralegal skills.

20 Judge, you mean to tell me that because  
21 somebody is a paralegal and they may do some pro bono  
22 work for a socially conscious cause that somehow the  
23 conversations between counsel and paralegal who  
24 donated their time, to a good cause, are not  
25 privileged because there was no formal employment or  
because they discussed the matter over lunch? I don't

2

3

12

1 think so.

2 MR. MOXON: Mr. Yanny, you hired Mr.

3 Armstrong to work on the Aznaran case.

4 MR. YANNY: When you swear me in you ask

5 me questions.

6 MR. MOXON: You said made an "offer of

7 proof." I'm trying to find out --

8 MR. YANNY: I'm trying to find out. It

9 ain't your turn.

10 THE REFEREE: Thank you gentleman. We

11 have had a fairly peaceful morning Mr. Yanny. And I

12 intend to have a peaceful afternoon.

13 I find that this conversation is not

14 privileged at the lunch period. Overrule the

15 objections and you may answer the question.

16 MR. YANNY: Instruct the witness not to

17 answer, and preserve the issue for a denovo review.

18 MR. GREENE: I have to instruct the

19 witness not to answer as well.

20 MR. BERRY: As do I.

21 MR. GREENE: If Mr. Elstead was here he

22 would give the same record.

23 Q BY MR. MOXON: For the record, will you

24 follow the instruction Mr. Armstrong?

25 A I'll follow the instruction.



1 Q Can you tell me how long the meeting was  
2 with Mr. Yanny and Mr. Elstead at lunch?

3 A Approximately an hour.

4 Q Did Mr. Yanny give Mr. Elstead any  
5 documents?

6 A I don't believe so.

7 Q Did you?

8 A No.

9 Q Did you provide Mr. Elstead any  
10 information with respect to the Aznaran case?

11 A No.

12 Q Did you encourage Mr. Elstead to act as  
13 counsel for the Aznarans?

14 A No.

15 Q Did you engage in the conversation at  
16 all?

17 A Very little.

18 Q Did you have any later conversations with  
19 Mr. Elstead with respect to the Aznaran case?

20 A Yes.

21 Q In what context?

22 A Because Mr. Elstead became involved as an  
23 attorney on the case and I thereafter assisted on the  
24 case in Mr. Greene's office. As a result I had a  
25 number of contacts with Mr. Elstead.



3           1           Q       Were you hired by Mr. Elstead?

          2           A       Yes.

          3           Q       Did he pay you?

          4           A       Yes.

          5           Q       As a paralegal?

          6           A       Yes.

          7           Q       From when to when?

          8           A       Beginning in, my recollection is sometime

          9       in August.

        10           Q       August of '91?

        11           A       Right.

        12           Q       Until when?

        13           A       Uhm, although my day-to-day involvement

        14       in the case has shifted, I still am involved in the

        15       case.

        16           Q       Are you still on Mr. Elstead's payroll?

        17                   MR. GREENE:  Objection, mischaracterizes

        18       his prior testimony.

        19                   He's not on any payroll.  He says he has

        20       been paid.  There is no foundation.

        21                   And also -- that's it for now.

        22                   THE REFEREE:  Re-state the question.

        23           A       (No response)

        24           Q       BY MR. MOXON:  You testified that you

        25       have been paid by Mr. Elstead.

1 Were you on a regular payroll?

2 A No.

3 Q Were you being paid hourly?

4 A No.

5 Q How were you paid?

6 A I was paid one sum at one time for my  
7 assistance at that time.

8 Q When was that?

9 A In August or September of 1991.

10 Q Were you paid directly or were you paid  
11 through the Gerald Armstrong Corporation?

12 A I was actually paid directly.

13 Q Did Mr. Elstead also make any donations  
14 to the Gerald Armstrong Corporation?

15 A No.

16 Q Did he buy any stock?

17 A No.

18 Q By the way, has anyone bought any --  
19 other than Mr. Yanny has anyone bought any stock in  
20 the Armstrong Corporation to whom you have provided a  
21 declaration for use in litigation?

22 MR. BERRY: I thought we moved away from  
23 the Armstrong Corporation this morning.

24 THE REFEREE: I thought so to.

25 A I can easily answer that, and the

1 answer's no.

2 Q BY MR. MOXON: That would include both  
3 counsel and parties, correct?

4 MR. GREENE: Objection, asked and  
5 answered.

6 THE REFEREE: I think it's asked and  
7 answered.

8 Go ahead. He said no once. So go ahead.

9 MR. MOXON: I just want to clarify  
10 whether it's both counsel and parties, and counsel for  
11 parties and parties themselves.

12 MR. GREENE: Mr. Moxon, your question  
13 said "anyone." "Anyone" is an all-inclusive term.  
14 The answer is no.

15 THE REFEREE: The answer is no. So let's  
16 go ahead.

17 Q BY MR. MOXON: We got into a lengthy  
18 discussion before lunch. We had a pending question, I  
19 realize in looking at my notes, and that is did Yanny  
20 receive any benefit from the Armstrong Corporation in  
21 exchange for his purchase of stock?

22 MR. YANNY: I would object as vague.

23 MR. BERRY: Objection, vague.

24 THE REFEREE: I don't know that that  
25 question remained unanswered.



1 MR. GREENE: It was answered.

2 THE REFEREE: I think it was answered.

3 MR. GREENE: Judge, you asked it.

4 THE REFEREE: I thought that I asked the  
5 question and got an answer. And the answer was, if I  
6 remember correctly, that he gave the purposes of the  
7 corporation and that's how the stockholders were going  
8 to profit, if they profited.

9 You can ask him if he got any benefit in  
10 addition to that which any other shareholder would  
11 get. If you want to.

12 Q BY MR. MOXON: I'll adopt that question.

13 A No.

14 Q Do shareholders get any direct benefit  
15 other than a hope of future income from the  
16 corporation?

17 MR. GREENE: Objection, irrelevant.

18 MR. YANNY: I'm going to object.

19 THE REFEREE: This is the last question  
20 on this subject unless you really show me some very  
21 good cause.

22 Anything else that shareholders get?

23 A The shareholders get ownership in the  
24 company.

25 The company possesses assets.

3                   1                   So one share equals one hundredth of the  
2                   assets. The assets of the corporation are  
3                   substantial.

4                   Q           BY MR. MOXON: Your declarations are  
5                   assets of the corporation, are they not?

6                   Your declarations concerning Scientology?

7                   MR. GREENE: Objection, going beyond the  
8                   scope that's allowed.

9                   MR. YANNY: Not to mention absurd.

10                  A           My writings.

11                  MR. GREENE: Wait.

12                  THE REFEREE: You may answer the  
13                  question.

14                  A           My writings.

15                  THE REFEREE: Which include the  
16                  declarations, is that correct?

17                  A           If there are original holographic works,  
18                  the corporation possesses various of my products,  
19                  rights to those products.

20                  Q           BY MR. MOXON: The question, Mr.  
21                  Armstrong, is are your declarations concerning  
22                  Scientology owned by the Armstrong Corporation?

23                  A           The declarations which have been filed in  
24                  any court, anywhere, are not owned.

25                  The original holographic works are owned.



1 Q I don't understand your answer.

2 Are the original declarations in  
3 holographic form which are owned by the corporation?

4 A All except --

5 MR. GREENE: Objection, vague and  
6 ambiguous.

7 THE REFEREE: Is there anything you could  
8 add to your answer?

9 A All except for one, and that original  
10 holographic declaration was filed I believe in this  
11 case, in which case the, that original work is not  
12 owned.

13 Q BY MR. MOXON: By the corporation?

14 A It is possessed by the court.

15 Q All of the other original declarations  
16 are in the corporation?

17 A If there are original holographic works  
18 they are owned by the corporation.

19 Not all declarations have original  
20 holographic works which precede them.

21 Q My question is simple. If you give me a  
22 simple answer I'll move on.

23 Does the corporation possess any original  
24 declarations regarding Scientology as part of its  
25 assets?



1 A Holographic works, yes.

2 MR. GREENE: You answered the question.

3 Q BY MR. MOXON: Is Mr. Elstead a member of  
4 your Church?

5 A Not to my knowledge.

6 Q Have you written any books concerning  
7 investigations of you by any investigators retained by  
8 the Church?

9 Let me amend that question to any books  
10 or articles or tracts?

11 A I have written declarations which I  
12 consider a book.

13 Q The answer is yes?

14 A In that sense, yes.

15 Q Do you consider yourself an expert on  
16 Scientology?

17 A I consider myself an expert in the  
18 subject of fair game.

19 Q Do you consider yourself an expert on  
20 Scientology?

21 A I consider myself an expert on that  
22 aspect of Scientology called fair game.

23 Q Do you consider yourself an expert on any  
24 area of Scientology except what you allege to be an  
25 area of Scientology which you call "fair game?"

1           A           I have been designated an expert on the  
2       misrepresentations of L. Ron Hubbard by Judge  
3       Breckenridge. So therein -- also on the fraud of  
4       Scientology and L. Ron Hubbard and fair game.

5           Q           Is Vicki Aznaran a member of your Church?

6           A           Not to my knowledge.

7                   MR. MOXON: Subject to a motion to  
8       compel, which we'll have to bring concerning these  
9       various privilege issues, I suspend the deposition at  
10      this point.

11                   THE REFEREE: Alright.

12                   MR. BERRY: Your Honor, this side of the  
13      table may have some questions to ask. (Indicating)

14                   THE REFEREE: Okay. You certainly can if  
15      you want.

16                   MR. YANNY: Before I begin the  
17      questioning may I take a brief break Your Honor?

18                   THE REFEREE: Okay, yes.

19

20                               (Recess taken 2:00 p.m. to 2:05

21                               p.m.)

22

23                   THE REFEREE: I gather the objection to  
24      the question regarding the conversations at the  
25      restaurant is going to be withdrawn?

1 MR. GREENE: Yes, sir.

2 Q BY MR. MOXON: Mr. Armstrong, did you  
3 speak to Mr. Yanny in the hallway?

4 A Yes.

5 Q Did you talk to him about the  
6 conversation in the restaurant?

7 A One aspect of it.

8 Q Did he ask you what your answers would be  
9 concerning the communications between he and Elstead  
10 concerning the Aznarans?

11 A I don't think he said it like --

12 Q Did he ask you any questions at all?

13 A Right. My recollection of the  
14 conversation.

15 Q What did Mr. Yanny ask you in the  
16 hallway?

17 A What do I recall, I believe what do I  
18 recall of that --

19 Q You don't remember what Mr. Yanny just  
20 asked you in the hallway?

21 A Something like that, because I gave an  
22 answer to a question like that.

23 Q He only asked you one question?

24 A About that.

25 Q What else did he ask you?



1           A           It was very brief. We all went to the  
2       restroom.

3                       That was what that was about.

4           Q           What else did he ask you?

5           A           Nothing comes to mind.

6           Q           You don't remember?

7           A           No.

8           Q           You don't remember what Mr. Yanny asked  
9       you in the last two minutes?

10          A           There is one other detail, and that was  
11       the record about where I had said -- and I possibly  
12       said earlier in a slip because the phrase is usually  
13       attached to Mr. Greene -- and that is coming back into  
14       the Aznaran case as opposed to coming into the Aznaran  
15       case. Which is what happened.

16          Q           You knew that Mr. Yanny was involved in  
17       the Aznaran case back in 1988, didn't you?

18          A           Only in the sense that he was sued with  
19       regards to something concerning the Aznaran case.

20                       But he was never, to my knowledge, an  
21       attorney in the Aznaran case until June or July of  
22       1991, at which time he called me.

23          Q           Mr. Yanny told you to come back in and  
24       clarify that point?

25                       Come back into the deposition and clarify

5           1       that point?

2           A       No, he didn't ask me to come back and  
3       clarify it. He just said that, that I had said it a  
4       couple of times. There was once when he in here  
5       corrected it.

6           Q       Out in the men's room or the hallway Mr.  
7       Yanny told you that your testimony was wrong in that  
8       regard?

9           A       He had corrected it once in here, and  
10      that I had said it earlier and it had gone  
11      uncorrected. So I took it upon myself to correct it  
12      so that there is no, so that the record is clear.

13                    To my knowledge he was never an attorney  
14      for the Aznarans until that time in June or July when  
15      he came into the case.

16           Q       My question simply was did Mr. Yanny ask  
17      you to come back in and correct that?

18           A       No, he did not.

19           Q       What else did Mr. Yanny and you talk  
20      about in the hallway?

21           A       I've told you.

22           Q       Anything else?

23           A       That's it.

24           Q       How about over lunch?

25           A       Over lunch he asked me a number of

1 questions.

2 Q What did he ask you?

3 A They were questions concerning the effect  
4 of the Flynn agreements.

5 Of fair game against judges.

6 Of when I first had knowledge of fair  
7 game and what kind of knowledge I had.

8 Q Did Mr. Yanny suggest to you some things  
9 that you could have said and didn't say during your  
10 deposition?

11 A No.

12 Q Such as this fair game business?

13 A No.

14 Q That was your own idea when you walked  
15 back in here, to start talking about fair game?

16 A You asked me what he said at lunch.

17 MR. YANNY: In the hallway?

18 A No, this was over lunch.

19 And that's -- he asked me a number of  
20 questions at lunch which concerned those sorts of  
21 matters.

22 Q BY MR. MOXON: Did Mr. Yanny critique  
23 your testimony at all?

24 A No.

25 The only comment which was made was when



5           1       we went to the restroom, and that concerned my earlier  
2           2       apparent -- because I have no recollection of saying  
3           3       it, but I knew that I said it -- that one time and he  
4           4       corrected it on the record.

5           Q       When you met with Yanny and Elstead at  
6           6       the restaurant did Mr. Yanny solicit Mr. Elstead to  
7           7       work on the Aznaran case?

8                   MR. YANNY: Preserving the objections,  
9           9       but no instruction.

10                  MR. MOXON: I thought you waived it?

11                  THE REFEREE: He said with no  
12           12       instruction, no instruction not to answer.

13                  MR. BERRY: He didn't waive the  
14           14       objections.

15           A       Without a complete understanding of what  
16           16       you mean by "solicit," it was my belief, perception  
17           17       that he was communicating to Mr. Elstead with the  
18           18       intention that Mr. Elstead become involved in the  
19           19       Aznaran case.

20           Q       BY MR. MOXON: Going back to a moment in  
21           21       your conversation with Mr. Yanny about this -- in the  
22           22       hallway or in the men's room -- about this  
23           23       communication at the restaurant, after you told Mr.  
24           24       Yanny what your recollection was, did he tell you that  
25           25       you were right or words to that effect, and it's okay

1 to testify about what you told him?

2 A No, no.

3 MR. GREENE: Mr. Armstrong, when you just  
4 said "no" twice, was that to both parts of Mr. Moxon's  
5 question?

6 THE WITNESS: The second one was kind of  
7 a jump on my part because I was going to broaden my  
8 answer. Then I thought I'll just stick with a no. So  
9 it was just no to your answer.

10 Q BY MR. MOXON: Mr. Yanny sought Mr.  
11 Elstead's assistance in the Aznaran case?

12 MR. GREENE: Objection, asked and  
13 answered.

14 THE REFEREE: This final time.

15 In your recollection did he, did he seek  
16 Mr. Elstead's participation?

17 A That was the purpose of the meeting, yes.

18 Q BY MR. MOXON: Did Mr. Yanny tell Mr.  
19 Elstead anything about his prior representation of any  
20 Church of Scientology?

21 MR. YANNY: Ongoing objection.

22 THE REFEREE: Alright.

23 A I have no specific recollection of that.

24 But the identity and who he was was not  
25 withheld at all. It was known that he had been a



1 lawyer for the organization.

2 Q BY MR. MOXON: Did he tell Mr. Elstead  
3 that he would continue to assist him if he could do so  
4 in the litigation of the Aznaran case?

5 MR. BERRY: Remind the witness of my  
6 previous objection and instruction.

7 A I have no recollection of that.

8 MR. MOXON: I missed something here.

9 Did you instruct him not to recall  
10 something?

11 MR. GREENE: Cute.

12 THE REFEREE: I don't think so.

13 Q BY MR. MOXON: Did Yanny infer that he  
14 would provide assistance to Mr. Elstead if Elstead  
15 took the case?

16 MR. GREENE: Objection, calls for  
17 speculation.

18 MR. YANNY: Also asked and answered.

19 MR. GREENE: Also vague and ambiguous.

20 THE REFEREE: Sustained, just as to form.

21 MR. MOXON: Your Honor, I have a little  
22 difficulty when the witness continues to assert he  
23 doesn't remember anything specifically.

24 If I can't ask him generally what  
25 occurred, then I'm kind of stuck.



1 THE REFEREE: Okay.

2 Inferences is awfully vague. I think you  
3 can rephrase it.

4 Q BY MR. MOXON: Was there any suggestion  
5 to Elstead by Yanny that Yanny would continue to  
6 assist him in the Aznaran litigation?

7 MR. BERRY: Same objection. Same  
8 instruction.

9 A I can give you an impression.

10 Q BY MR. MOXON: Okay.

11 A Mr. Yanny was at that time, as far as I  
12 knew, and as far as what made sense within the  
13 conversation, the attorney of record in the Aznaran  
14 case. He was not at that point, as far as I could  
15 determine, walking away from that meal and no longer  
16 being the attorney of record in the case. I did not  
17 see that there was any shift which was occurring, but  
18 rather that Mr. Elstead was being asked to assist in  
19 the case.

20 So there is an implication therein that  
21 Mr. Yanny's participation is going to continue past  
22 that lunch.

23 Q So Mr. Yanny wasn't trying to hire  
24 Elstead to take over the case, he was talking to him  
25 about coming in with Yanny?

1 MR. GREENE: Objection, compound, vague  
2 and ambiguous.

3 Calls for speculation.

4 MR. YANNY: And lacks foundation.

5 If he wants to ask what Mr. Yanny was  
6 doing, let him ask Mr. Yanny.

7 THE REFEREE: Mr. Yanny is not -- as you  
8 said, Mr. Yanny's not being deposed today.

9 MR. YANNY: They have already had their  
10 shot.

11 THE REFEREE: You can answer that  
12 question if you have it in mind.

13 THE WITNESS: No, I don't at the moment.  
14 If you could repeat it?

15 THE REFEREE: Do you want to repeat it or  
16 do you want it read back?

17 MR. MOXON: Let me repeat it.

18 Q BY MR. MOXON: I understand from your  
19 testimony, and correct me if I'm wrong, that in the  
20 conversation between Yanny and Elstead, Yanny was not  
21 trying to turn the Aznaran case over to Elstead, but  
22 rather he was trying to bring Elstead into the case to  
23 work with him, is that correct?

24 MR. YANNY: That's not what the testimony  
25 is. The testimony was as he left at lunch. I object



1 to the mischaracterization of the testimony.

2 As he left the lunch there was no  
3 impression that he was walking away from that case  
4 after that lunch.

5 MR. GREENE: It's also --

6 MR. YANNY: It's speculation for God's  
7 sake.

8 THE REFEREE: Come on gentleman.

9 MR. GREENE: The question as a matter of  
10 form is compound.

11 MR. YANNY: It also calls for  
12 speculation.

13 THE REFEREE: Do you understand the  
14 question?

15 Do you have the question in mind?

16 THE WITNESS: Not right now I don't.

17 THE REFEREE: Read it back please.

18

19 (The record was read as follows:

20 Q BY MR. MOXON: I understand  
21 from your testimony, and correct me if  
22 I'm wrong, that in the conversation  
23 between Yanny and Elstead Yanny was not  
24 trying to turn the Aznaran case over to  
25 Elstead, but rather he was trying to



1 bring Elstead into the case to work with  
2 him, is that correct?)

3

4 MR. YANNY: Again, I object.

5 THE REFEREE: I have all the objections  
6 in mind. They're overruled.

7 However, this is something you can answer  
8 yes or no if you can.

9 A I don't know.

10 Q BY MR. MOXON: I don't understand your  
11 prior testimony.

12 You indicated previously -- and again,  
13 correct me if I'm wrong -- your impression was that  
14 Yanny wasn't walking away from the case at the end of  
15 his conversation with Elstead, is that correct?

16 A My impression was that by the end of the  
17 conversation over lunch, no decision had been made.

18 Q Decision about what?

19 A What we were just talking about.

20 Q What was there to decide?

21 A Mr. Elstead's participation.

22 What form that would take.

23 When it would begin.

24 If it would begin.

25 Q What did Mr. Yanny ask Elstead to do?

1 MR. BERRY: Same objection. Same  
2 instruction.

3 A I don't have a specific thing in mind. I  
4 don't know, I just don't know.

5 I know it was participation, but I do not  
6 know what form was going to occur after that. I think  
7 that Mr. Elstead was unbriefed by that time.

8 And no decision was reached.

9 MR. GREENE: Just answer the question.

10 Q BY MR. MOXON: That begs the question of  
11 what the decision was Mr. Armstrong.

12 MR. GREENE: It's assuming there was.

13 MR. YANNY: It's already been asked and  
14 answered.

15 MR. MOXON: If you gentleman please let  
16 me ask the question before you interrupt me and we can  
17 get out of here today.

18 Q BY MR. MOXON: Did Yanny ask Elstead to  
19 come in as counsel of record in the Aznaran case?

20 MR. GREENE: Over the course of that  
21 lunch?

22 THE REFEREE: At that time?

23 A That was my impression.

24 Q BY MR. MOXON: It was also your  
25 impression that Yanny was not intending to leave the

1 case?

2 MR. YANNY: For the third time it has  
3 been asked and answered, and I object to it as  
4 badgering of the witness and the wasting of  
5 everybody's time here.

6 THE REFEREE: Last time.

7 Do you have it in mind?

8 A I do not -- I didn't know.

9 Q BY MR. MOXON: How was it left with  
10 Elstead at the end of the meeting?

11 What was Elstead supposed to do at the  
12 end of that meeting, if you know?

13 A I don't know if he was supposed to do  
14 anything. But I understood that no decision had been  
15 reached.

16 Q Was there an agreement by Yanny and  
17 Elstead that they would communicate again about some  
18 issue?

19 A I don't recall.

20 Q Did Elstead say he would get back to  
21 Yanny and give him a decision?

22 MR. YANNY: It's the same question in a  
23 different way.

24 Object, asked and answered.

25 Badgering of the witness.



7           1                   THE REFEREE: Overruled. You may answer.

2           2           A           I can tell you about an impression I was

3           left with.

4           3           Q           BY MR. MOXON: Alright.

5           4           A           That was that this was not the end of the

6           relationship. That Mr. Elstead did not flatly say I

7           am not involved, see you later, don't call me.

8                   It was left. And I thereafter did not

9           participate at all in what happened.

10          10          Q           You and Yanny walked off together after

11          the lunch?

12          11          A           I think the three of us walked at least

13          part of the way and then Yanny and I continued.

14          12          Q           Was there any discussion over lunch

15          concerning the transfer of any documents to Elstead

16          for his review?

17          13          A           I don't have a recollection of that.

18          14          Q           Was there any discussion of money during

19          the meeting?

20          15          A           I don't have a recollection of that.

21          16          Q           Did Yanny tell Elstead or suggest to

22          Elstead that Elstead would make a lot of money if he

23          came into the case?

24          17          A           I have no recollection of that.

25          18          Q           Did Yanny make any reference to

7 1 settlement prospects of the case to Elstead?

2 A No recollection of that.

3 Q Did Yanny say anything to Elstead  
4 indicating that he thought that he could get the case  
5 settled?

6 That is Yanny could get the case settled?

7 A No recollection of that.

8 Q Did Yanny tell Elstead why Mr. Greene had  
9 been fired?

10 A My recollection of that was that it was  
11 the same as I had earlier heard.

12 That was that the organization lawyers  
13 had made something of an offer to Barry Van Sickle  
14 which required that Ford Greene, or rather that they  
15 would not deal with Ford.

16 Q For settlement purposes?

17 A Right, and that they involved Barry Van  
18 Sickle in relaying settlement offers to the Aznarans.

19 Q You remember now that you did in fact  
20 discuss settlement over that lunch, or they discussed  
21 settlement over that lunch?

22 MR. YANNY: I don't necessarily know if  
23 that was the question.

24 The question that predicated all this was  
25 if he remembered any discussions as to how Ford Greene



1 was fired. Not settlement.

2 MR. MOXON: Answer the question.

3 A Earlier when you were talking about  
4 settlement I believe that it had to do with future  
5 settling of the case. And I would be willing to go  
6 back and have the court reporter look at that.

7 So here I'm talking about the scenerio in  
8 which the Corydon case was being settled with  
9 organization lawyers, and Mr. Van Sickle, in which an  
10 offer or an offer to settle the Aznaran case was in  
11 some way hooked to the, getting Mr. Greene out of the  
12 case.

13 Q BY MR. MOXON: You say you had a prior  
14 understanding about that same issue?

15 A Right.

16 Q From who?

17 A As I put in my declaration, from Mr.  
18 Yanny.

19 Q You and Yanny had talked about settlement  
20 of the Aznaran case previously?

21 A Mr. Yanny, when he called me and asked me  
22 to come down and help him, advised me at that time of  
23 the facts that I just gave to you. At least that's my  
24 recollection of them at this time.

25 Q When I first asked you about settlement



7           1       was that the question that you thought was ridiculous  
2                   and didn't want to directly respond to?

3                   MR. YANNY: Object, argumentative.

4           A       I think I did answer you properly and I  
5                   believe that the record will show that you said that  
6                   Mr. Yanny, did Mr. Yanny represent that he thought he  
7                   would settle the case.

8                   That is completely a different matter  
9                   from the Corydon settlement talks in which the idea --

10          Q       At any rate --

11                  MR. YANNY: I would like to object at  
12                  this point in time.

13                  We turned this back over so we could find  
14                  out what was discussed. This is nothing more than an  
15                  attempt to filibuster to prevent me from getting any  
16                  questioning of this witness.

17                  THE REFEREE: Anything else?

18                  MR. MOXON: Yes.

19                  THE REFEREE: Go ahead.

20          Q       BY MR. MOXON: After Yanny told Elstead  
21                  at this luncheon meeting about this aborted, alleged  
22                  aborted settlement, were there any further discussions  
23                  with Elstead about potential actual settlement of the  
24                  case?

25                  MR. YANNY: May I hear that question back

9                   discussions with Elstead about potential  
10                   actual settlement of the case?)  
11

12                   MR. YANNY: Again, Your Honor, I object.  
13                   This is argumentative questioning that is compound in  
14                   form and presupposes a lot of nonsense that is not in  
15                   the record.

16                   I supposedly now told him about an  
17                   aborted settlement proposal at lunch. I'm objecting  
18                   to the question as multiply compound in form, vague,  
19                   argumentative.

20                   MR. GREENE: And lacking in foundation.

21                   THE REFEREE: Sustained just as to form.

22                   Q           BY MR. MOXON: After Yanny briefed  
23                   Elsstead about the alleged aborted settlement of the  
24                   Aznaran case, were there any further discussions about  
25                   potential settlement of the Aznaran case with Mr.



1 Elstead?

2 MR. YANNY: I again object to the form of  
3 the question "alleged aborted settlement."

4 It is vague, it is compound, it  
5 presupposes facts not in evidence.

6 The record is --

7 THE REFEREE: Sustained just as to form.

8 MR. MOXON: What part of that discussion  
9 was sustained?

10 THE REFEREE: Anything else you remember  
11 from the conversation?

12 MR. MOXON: I would like to ask him some  
13 specific questions.

14 THE REFEREE: Then ask a specific  
15 question.

16 MR. BERRY: I thought this was a follow  
17 up series of questions by Mr. Moxon, not a new line of  
18 questioning.

19 MR. MOXON: On an hour long meeting?

20 MR. YANNY: It's nothing more than to  
21 attempt to foreclose us from questioning this witness.

22 THE REFEREE: He had terminated the  
23 question and you all came back in and said you  
24 withdrew your objection to his answering questions  
25 about the lunch meeting.

1                   As far as I'm concerned we're still at  
2                   the lunch meeting. So -- and nobody is delighted that  
3                   this is taking time but --

4                   MR. YANNY: Except Mr. Moxon.

5                   THE REFEREE: Well, we're all going to be  
6                   in this together.

7                   Go ahead Mr. Moxon.

8                   Q           BY MR. MOXON: For foundational purposes,  
9                   do you remember the part of the conversation where  
10                  Yanny told Elstead about Greene allegedly being fired  
11                  because of the Church wouldn't deal with him in  
12                  settlement?

13                  MR. GREENE: Objection, asked and  
14                  answered.

15                  MR. YANNY: At least two or three times.

16                  MR. MOXON: I'm trying to lay a  
17                  foundation.

18                  THE REFEREE: Come on gentleman.  
19                  Overruled.

20                  Do you recall any such, just for  
21                  foundational purposes, do you recall that there was  
22                  such a conversation?

23                  A           Yes.

24                  Q           BY MR. MOXON: After that time were there  
25                  any other communications whatsoever about any



1 potential settlement of the Aznaran case?

2 A Not that I recall.

3 Q Did anybody take notes at this meeting?

4 A I don't believe so.

5 Q Did anybody have a pen out?

6 A I don't believe so.

7 MR. YANNY: Get on with it.

8 Q BY MR. MOXON: Did Mr. Elstead ask Yanny  
9 to provide him with any documents?

10 MR. YANNY: This is the third time that  
11 same question has been asked and answered.

12 THE REFEREE: In substance I think that's  
13 true. Sustained.

14 Next question.

15 A (No response)

16 Q BY MR. MOXON: Did Mr. Yanny represent to  
17 Mr. Elstead that you would be available to assist Mr.  
18 Elstead in the Aznaran case?

19 A I don't believe so.

20 Q Did you talk to Mr. Elstead about working  
21 for him during that luncheon meeting?

22 A Not at that time.

23 Q Did Yanny tell Mr. Elstead that he would  
24 supply him with any paralegal assistance?

25 A Not that I recall.

8           1           Q       You're not a trained paralegal, are you,  
2       by the way?

3           A       Yes.

4           MR. BERRY:  Objection, relevance.

5           Q       BY MR. MOXON:  In paralegal school?

6           A       Yes.

7           MR. YANNY:  Is Matt Ward?

8           Q       BY MR. MOXON:  Do you have a certificate  
9       as a paralegal?

10          MR. BERRY:  Objection.

11          THE REFEREE:  This has very little to do  
12       with the lunch meeting.

13          Anything else about the lunch meeting?

14          MR. MOXON:  No, we'll susspend the  
15       deposition for now subject to the motion to compel on  
16       these privilege areas.

17          THE REFEREE:  Are we going to have Mr.  
18       Greene next?

19          Forgive me.  Mr. Yanny?

20       ///

21

22

23

24

25



## EXAMINATION

1

2

3 BY MR. YANNY:

4

5 Q Mr. Armstrong, for the purposes of my  
6 questioning, can we arrive at the stipulation whereby  
7 I don't call Scientology "the Church" but I call it  
8 rather "the organization."

9

10 You understand exactly what I'm talking  
11 about?

12

13 A Yes.

14

15 MR. BERRY: I would point out, Mr.  
16 Armstrong, that by asking questions Mr. Yanny is not  
17 waiving any of his applicable privileges.

18

19 THE WITNESS: Okay.

20

21 MR. BERRY: Please answer without  
22 violating.

23

24 Q BY MR. YANNY: Were you ever a member of  
25 the organization?

26

27 A Yes.

28

29 Q During what period of time, sir?

30

31 A 1969 through 1981.

32

33 MR. MOXON: I didn't examine Mr.  
34 Armstrong on the subject, cross-examination of new  
35 areas.

36

37 THE REFEREE: While we've got him here

8 1 let's see --

2 MR. BERRY: So Your Honor understands the  
3 background of this, that there has been a restraining  
4 order entered in Marin County that prevents us from  
5 dealing with this witness on these matters other than  
6 at this deposition.

7 So I think it is disingenuous for Mr.  
8 Moxon to say we're confined to his objection when an  
9 assembly agreement and his representation of his  
10 fellow counsel last week that we should be taking  
11 discovery at the deposition.

12 MR. YANNY: The CCP provides that every  
13 party shall attend and participate or thereafter be  
14 barred from conducting an examination of the witness.

15 MR. BERRY: If this is going to be the  
16 position, we take as being the suppression of evidence  
17 and obstruction of justice, and move accordingly at  
18 the appropriate time.

19 MR. MOXON: You can move wherever you  
20 want.

21 Are you indicating that you're taking now  
22 Mr. Armstrong's deposition in this case for use in  
23 another case?

24 MR. BERRY: No.

25 MR. YANNY: We're taking it for use in



1 this case.

2 THE REFEREE: Let's go ahead with our  
3 deposition.

4 Q BY MR. YANNY: You said from '69 to '81  
5 you were a member of the organization, is that  
6 correct?

7 A Yes.

8 Q What various posts did you hold during  
9 that time Mr. Armstrong?

10 A My first post was a course supervisor.

11 And then I held, in the Vancouver  
12 franchise, deputy executive director.

13 Then I joined the Sea Org the beginning  
14 of 1971.

15 And my first official post was storesman.

16 Then I became a bosun and transporter in  
17 charge; became the ship's driver.

18 Q Slow down.

19 A Beginning of 1972 I became the ship's  
20 representative, which was legal officer on board.

21 Q That was 1972?

22 A Right.

23 Then I became, for a brief time, the port  
24 captain.

25 For another brief time public relations

1 officer.

2 In 1974 through approximately September  
3 1975 I was the intelligence officer on board the ship.

4 I then transferred to Daytona Beach and I  
5 was the intelligence officer in the Guardian's Office  
6 unit in to Daytona Beach.

7 Q For what period of time?

8 A A couple months in the fall of 1975.

9 For a brief period of time I was the  
10 mimeo operator.

11 Then I became, in December '75 through  
12 June of 1976, the deputy LRH external communications  
13 aide. "LRH" is L. Ron Hubbard.

14 Q External --

15 A Communications aide.

16 From July 1, '76 through December 1, '77  
17 I was the, I was assigned to the RPF, Rehabilitation  
18 Project Force.

19 I held a number of positions in the RPF.  
20 Member, section leader, bosun. For a brief time at  
21 the end of 1977 I was assigned to a CMO unit,  
22 commodore's messenger organization.

23 Q Latter part of '77?

24 A Yes.

25 Q Is that sometimes affectionately referred



1 to as the "CMO?"

2 A Yes.

3 Q Thank you.

4 A From the end of 1977 through the fall of  
5 1978 I was at La Quinta in what was called then  
6 Special Unit. And throughout most of that time I held  
7 various positions in the film crew.

8 From the fall of 1978 through the spring  
9 of 1979 I was again in the RPF. First at La Quinta,  
10 and then at a new property, Gilman Hot Springs.

11 Q Is that referred to as "Happy Valley?"

12 A No, that's a different property.

13 Q Are those out in the desert?

14 THE REFEREE: The court can take judicial  
15 notice that it's in the desert.

16 MR. MOXON: Can we take a break for two  
17 minutes?

18 MR. YANNY: Could we get him to finish  
19 this answer first?

20 THE REFEREE: About his career?

21 Yes. We'll finish the career and then  
22 we'll take five minutes.

23 A And then from the spring of 1979 through  
24 the end of 1979 I was in the LRH household unit.

25 First as the LRH renovations purchaser, then as the

1 LRH renovation in charge.

2 At the same time I was the deputy  
3 commanding officer of household unit, DCOHU, at Gilman  
4 Hot Springs.

5 And then at the beginning of 1980 I  
6 became the LRH researcher archivist, called either  
7 one; LRH archivist, LRH researcher.

8 Q BY MR. YANNY: Did you maintain that  
9 position until your departure from the organization?

10 A Yes.

11 Q Approximately when was that?

12 A December 1981.

13 Q Was there any particular reason for your  
14 departure in December of 1981?

15 THE REFEREE: That sounds like an  
16 open-ended question and we'll take our break.

17 We'll resume with that question when we  
18 return.

19

20 (Recess taken 2:40 p.m. to 2:47

21 p.m.)

22 ///

23

24

25



9                   1                                   (The record was read as follows:

2                   Q           Was there any particular  
3                               reason for your departure in December of  
4                               1981?)

5

6                   A           Uhm --

7                               MR. YANNY: Yes or no will do.

8                   A           Yes.

9                   Q           BY MR. YANNY: Would you state for the  
10                           record what that reason was, or reasons were?

11                   A           Broadly, it was time to go.

12                               But there were a number of incidents and  
13                           factors which led up to my decision to leave and  
14                           leaving at that time.

10                   Q           Briefly outline for us what those reasons  
15                           and factors were that led up to your leaving at that  
16                           time?  
17

18                   A           I had, through my research, my assembly  
19                           of documents relating to L. Ron Hubbard, come to the  
20                           conclusion that the man had lied about his  
21                           credentials, accomplishments, his history. And in  
22                           that process I had also really deprogrammed myself.

23                               I had attempted to, for a period of time,  
24                           in 1981, get the organization to change its position  
25                           regarding representations it was making at that time

1 about Hubbard, about the efficacy of the technology  
2 and about the way it dealt with critics.

3 And there came a time when I realized  
4 that my seniors and the people who then were in  
5 control, underneath Hubbard of the organization, were  
6 not going to change, and I was really not going to be  
7 listened to, and that my days were numbered. So I  
8 made the decision at that time to leave without  
9 permission, and I did that.

10 Q Let me ask you this. This was 1981. Was  
11 Mr. Hubbard still --

12 You had testified that in 1977 through  
13 '78, for instance, you were at La Quinta as part of a  
14 special unit, and from 1979 through the, spring of  
15 1979 through the end of 1979 you testified -- if I'm  
16 not mistaken -- that you were part of LRH's household  
17 unit, holding various posts, is that correct?

18 A Right.

19 Q Were you familiar with Mr. Hubbard?

20 A Yes.

21 Q Would you consider him to have been a  
22 close friend?

23 MR. MOXON: I object to this area as  
24 being irrelevant. This lawsuit only concerns Mr.  
25 Yanny's breaches of his attorney-client



10           1       responsibilities in the last couple of years, at most.

2                       Mr. Armstrong's background back in the  
3       seventies and eighties, although Mr. Yanny is  
4       interested in it, doesn't have any relevance  
5       whatsoever to the issues that are set forth in the  
6       complaint, or the answer or the counterclaim or  
7       anything else.

8                       MR. YANNY:   Mr. Moxon asked Mr. Armstrong  
9       if he was an expert.   Mr. Armstrong indicated that he  
10      was an expert on the aspects of fair game and many  
11      other aspects of Scientology.   He's a percipient  
12      witness in this case.

13                      I have been sued for having represented  
14      this man, allegedly, in this litigation, and I'm  
15      trying to lay some foundation of this man's  
16      understanding of the organization, of the people who  
17      run that organization, the depth of his understanding  
18      of that organization, and the people who run that  
19      organization, and some of his experiences within that  
20      organization, to show that he was exactly the man  
21      whose testimony I need with respect to the unclean  
22      hands defense which has been raised in this  
23      litigation, the in parte delecto defense, the  
24      unenforceability of fraudulent agreements which has  
25      been raised in this litigation, and possibly to

1 explore on that if other additional things can be  
2 added.

3 I'm simply trying to lay a foundation of  
4 this man's understanding of the operation that went  
5 down in the sixties, seventies and into the eighties,  
6 that ultimately resulted in his departure.

7 He has been designated as an expert in  
8 one case, and I believe he has been designated as an  
9 expert in this case, and he is going to be a  
10 percipient witness.

11 MR. MOXON: Percipient witness as to what  
12 happened in the last 11 years, 11 years ago, and his  
13 other allegations about Church practices have nothing  
14 whatsoever to do with this case.

15 THE REFEREE: Is there any issue about  
16 his expertise?

17 MR. MOXON: He's not been identified as  
18 an expert. It's never arisen in this case.

19 MR. YANNY: You'll waive any objection of  
20 him being designated?

21 I don't believe there has been any swap  
22 of expert identifications.

23 MR. MOXON: He's not been designated as  
24 an expert.

25 MR. BERRY: We would be delighted to



10 1 designate him as an expert. In fact, we didn't  
2 consider it.

3 MR. YANNY: We have been held by a  
4 temporary restraining order from talking to this man  
5 up in Marin.

6 MR. BERRY: That is correct, there is a  
7 lot of things we could ask this man privately, but we  
8 cannot.

9 MR. MOXON: The protective order happened  
10 in Marin County last week.

11 MR. BERRY: The restraining order  
12 restrains us from discovery other than in this  
13 deposition room.

14 MR. GREENE: That order was made by the  
15 bench, by Judge Michael Dufacy on March 3, which is  
16 close to two weeks ago. (Phonetic)

17 MR. BERRY: At the request of  
18 Scientology.

19 MR. MOXON: It has nothing to do with  
20 this case.

21 MR. GREENE: It has everything to do with  
22 this case.

23 THE REFEREE: Thank you folks.

11 24 We'll have some more questions in the  
25 area and I'm really asking you -- I think we'll go off

1 the record for a minute.

2 ///

3 (Discussion held off the record.)

4

5 Q BY MR. YANNY: Mr. Armstrong, you made  
6 representations that your seniors would not listen to  
7 you.

8 Do you recall that statement in your  
9 testimony a moment or two ago?

10 A Yes.

11 Q Who were you referring to when you said  
12 "your seniors?"

13 A In that specifically, Norman Starkey.  
14 Also L. Ron Hubbard.

15 Q What was your familiarity with David  
16 Miscavige, if any?

17 A I knew that David Miscavige at that time  
18 was a relay terminal to get organization  
19 communications to and from Hubbard.

20 And that Miscavige had a position of  
21 power in the organization via his posting in W.D.C. or  
22 Watchdog Committee. And as the CMO Mission Ops --

23 MR. MOXON: I object, that this whole  
24 area seems to be completely irrelevant.

25 What the roles of various Church persons,



11

1 what they did in the Church -- you sustained an  
2 objection on the right of privacy as to who the people  
3 are that have contributed to a public corporation, yet  
4 we're going on at great length as to the  
5 responsibilities of individual Church members back  
6 prior to 1981. I object.

7 MR. YANNY: If I might, I'm going to show  
8 that these positions were obtained by Mr. Starkey by  
9 Mr. Miscavige, et cetera, after Mr. Hubbard went into  
10 hiding in 1980, and that those positions of power  
11 carry forward to the present.

12 These people have made misrepresentations  
13 to this court in this case as to who really runs the  
14 organization with respect to discovery that we have  
15 sought. I'm trying to lay foundation through this  
16 percipient witness.

17 MR. MOXON: There is no issue whatsoever  
18 in this case as to who was in control in this Church  
19 in the early 1980's.

20 Mr. Yanny is seeking discovery for one  
21 other purpose, but it has nothing to do with this  
22 case.

23 THE REFEREE: Let's go forward and see  
24 where we are.

25 Q BY MR. YANNY: Have you ever heard the

11

1 term "Special Project L?"

2 A Yes.

3 Q Would you tell us what you understood  
4 that to be?

5 MR. MOXON: That is apparently dealing  
6 with some Church practice or organization. Nothing to  
7 do with this case.

8 THE REFEREE: Your objection is noted.  
9 You can answer.

10 A That was a title which Marty Rathbun  
11 held.

12 Special Project was the group of  
13 individuals who in 1981 began to form the basis of the  
14 units which took over control of what had been  
15 Guardian's Office functions in the organization.  
16 Specifically organization legal matters, organization  
17 financial matters, organizational intelligence  
18 matters.

19 Q BY MR. YANNY: Was that part of a project  
20 that you came to know as the "MCCS" or "mission  
21 corporate changeover sort out," sir?

22 MR. MOXON: I object, irrelevant.

23 THE REFEREE: Noted.

24 You may answer.

25 A MCCS was Mission Corporate Category Sort



11           1       Out. And it began in 1980 and I was a part of it in  
2           2       1980.

3                       And it preceded the Special Project,  
4       although it was operated by David Miscavige as a CMO  
5       mission at that time. It had the purpose of  
6       restructuring the organization corporately so that  
7       Hubbard could continue to control the organization.

8                       MR. MOXON: Objection, move to strike as  
9       unresponsive.

10                      They're open-ended questions.

11                      MR. YANNY: If he can finish the answer?

12                      MR. MOXON: Then he goes on for five  
13       minutes.

14                      THE REFEREE: I note that. Let's finish  
15       this particular answer.

16                      A       And then Special Project was a second  
17       unit which involved at that time, Norman Starkey,  
18       Terry Gamboa, and another couple of people whose names  
19       I don't have right now.

20                      But it grew in size and it ultimately  
21       took over from MCCS the restructuring of the  
22       organization.

23                      Q       BY MR. YANNY: And that was in 1981 that  
24       this project began?

25                      A       Right.

1 Q And it was your understanding that  
2 Special Project L was a title that Marty Rathbun held  
3 with respect to that Special Project.

4 MR. MOXON: Objection, leading question.

5 A Correct.

6 THE REFEREE: I do think it's leading.  
7 And this is hardly a hostile witness.

8 So the question and answer will stand,  
9 but bear in mind the leading objection.

10 MR. YANNY: Thank you Your Honor.

11 MR. MOXON: I have a continuing objection  
12 also as to the relevance of this entire area.

13 THE REFEREE: Thank you.

14 Q BY MR. YANNY: Let me ask you, maybe I  
15 misheard you, but did you state that in 1974 through  
16 '75 you were the intelligence officer?

17 MR. MOXON: Objection, asked and  
18 answered.

19 Also irrelevant.

20 THE REFEREE: You know, let's see where  
21 we go.

22 A I was the intelligence officer on board  
23 the ship at that time.

24 And then I was the, I was not posted in  
25 the Guardian's Office at that time.



12           1                   Then I, when we came ashore then I was  
2           2           posted in the Guardian's Office as intelligence  
3           3           officer at Daytona Beach.

4           Q           BY MR. YANNY: The total time that you  
5           5           were in an intelligence gathering function or acted as  
6           6           an intelligence officer was for how long?

7           A           I guess a total of a year. Something  
8           8           like that.

9           Q           What was a nice Church like yours doing  
10          10          with an intelligence department anyway?

11                   MR. MOXON: Objection. That's a highly  
12          12          harassing, ridiculous question.

13          A           Its --

14                   THE REFEREE: It's not a harassing  
15          15          question.

16                   MR. MOXON: It is to the plaintiff.

17                   THE REFEREE: That could well be, but not  
18          18          to the witness.

19                   MR. MOXON: It's an inappropriate  
20          20          question.

21                   THE REFEREE: Let's stop a minute.

22                   If we're just going down a broad history  
23          23          of the Church then I think maybe the objection is well  
24          24          taken.

25                   I don't want to cut off the questioning

1 because I'm really not clear as to what you're trying  
2 to establish or what you need for your defenses. But  
3 we appear to be in a very general area in these broad  
4 stroke questions.

5 MR. YANNY: It's foundational.

6 Indulge me for about 10 minutes more, and  
7 if I don't --

8 THE REFEREE: Okay.

9 Q BY MR. YANNY: Mr. Armstrong, I believe  
10 there was a question pending, wasn't there?

11 THE REFEREE: What's a nice Church doing  
12 in a place like this?

13 Q BY MR. YANNY: What was a nice Church  
14 doing with an intelligence gathering operation anyway?

15 THE REFEREE: More legally put, why did  
16 you have intelligence operations?

17 A Hubbard perceived that we were at war and  
18 that he had, and as a result the organization had  
19 powerful enemies, enemies of different kinds. And an  
20 important, a vital part of his waging war was  
21 intelligence.

22 MR. MOXON: Move to strike. Lack of  
23 personal knowledge.

24 He's testifying from some kind of hearsay  
25 or conclusion. Mr. Yanny represented that he wanted



1 some personal testimony.

2 Q BY MR. YANNY: Did Mr. Hubbard ever tell  
3 you that?

4 MR. MOXON: Now this witness is going on  
5 about the perceptions of some person who has been  
6 passed away for five years.

7 THE REFEREE: Lay some foundation.

8 Q BY MR. YANNY: Upon what do you base that  
9 conclusion, sir?

10 A I studied, possessed policies,  
11 instructions, orders which came from Hubbard regarding  
12 the establishment of the intelligence apparatus of the  
13 organization.

14 He took an active interest in  
15 intelligence, in the organization. He issued orders  
16 to the intelligence bureau. His wife controlled the  
17 intelligence bureau under his directions.

18 MR. MOXON: Move to strike.

19 Lack of foundation.

20 Lack of personal knowledge. There is no  
21 foundation established.

22 And irrelevant.

23 MR. YANNY: Let me see if I can lay the  
24 foundation.

25 MR. BERRY: Could the witness finish

1       answering the question?

2                       THE REFEREE:   Lay the foundation.

3               Q           BY MR. YANNY:   Mr. Armstrong, were you  
4       aware of a case called "U.S. v. Hubbard?"

5               A           Yes.

6               Q           That was a case that began in or about  
7       1977?

8               A           Yes.

9               Q           Were you aware of a stipulation of  
10      evidence that was entered in that case?

11              A           Yes.

12              Q           Did it basically stipulate to the very  
13      things that you're talking about right now?

14              A           Yes.

15              Q           Did Mary Sue Hubbard go to jail for a  
16      period of time as a result of the stipulations entered  
17      into at that time?

18              A           Yes.

19                       MR. MOXON:   I have an objection.   He has  
20      laid absolutely no foundation for his questions.

21                       He's saying I'm going to lay a  
22      foundation.   He's saying are you aware of a decision  
23      that was handed down in this case.   That doesn't lay  
24      any foundation whatsoever as to his alleged personal  
25      knowledge, the fact that he read this decision.



1 MR. YANNY: This was a stipulation of  
2 evidence in a case called "U.S. v. Hubbard" in  
3 Washington, D.C., in which you yourself, Mr. Moxon,  
4 are named as an unindicted co-conspirator.

5 MR. MOXON: That's a foundation for  
6 personal knowledge for this witness to know anything?  
7 How would Mr. Armstrong know anymore than any human  
8 being who would read some court report?

9 Mr. Yanny, as you can see, has no  
10 scruples whatsoever about attempting to use anything  
11 he may have learned as counsel and use that as an  
12 alleged defense. It has absolutely no relevance to  
13 anything in this case.

14 MR. YANNY: It has relevance to unclean  
15 hands.

16 MR. MOXON: Unclean hands is not a  
17 defense, saying something happened 15 years ago and  
18 because you did something that I allege was improper  
19 15 years ago it excuses me from committing a tort  
20 against you in 1991.

21 MR. YANNY: Allow me to continue  
22 foundation.

23 THE REFEREE: It's discovery gentleman.

24 MR. MOXON: Judge Cardenas didn't allow  
25 it Your Honor. It's not been admitted in this case.

1 MR. BERRY: Are you suggesting it's res  
2 judicata?

3 MR. MOXON: You went through a whole  
4 thing before Judge Cardenas. There are hundreds of  
5 pages about it. Judge Cardenas said you couldn't do  
6 it.

7 MR. YANNY: Do not misrepresent to this  
8 man.

9 MR. MOXON: You're trying to put in front  
10 of the master what Judge Cardenas has not allowed you  
11 to do.

12 THE REFEREE: What's the status and  
13 pleadings in this case?

14 MR. YANNY: The pleadings in this case  
15 include many affirmative defenses, including unclean  
16 hands. I made an offer of proof.

17 MR. YANNY: It was part of an ongoing  
18 business practice about which you have attempted to  
19 suppress evidence, and this witness has percipient  
20 knowledge of the facts around it.

21 MR. MOXON: That's like saying because  
22 you murdered your father many years ago we can bring  
23 that up in this case.

24 So what?

25 MR. YANNY: If I did it in a particular



1 fashion perhaps it would be relevant.

2 THE REFEREE: Thank you folks, for the  
3 moment it's just discovery.

4 Let's go forward with it.

5 MR. MOXON: I really strenuously object,  
6 since I have been cut off from so many things that  
7 were actually directly relevant.

8 Q BY MR. YANNY: Did L. Ron Hubbard own any  
9 shares in the Gerald Armstrong Corporation?

10 I withdraw the question, it was humor.

11 That stipulation of evidence, you  
12 mentioned an entity called the "Guardian's Office," is  
13 that correct?

14 A Right.

15 Q Would you tell Your Honor what the  
16 Guardian's Office was?

17 A The Guardian's Office was a branch of the  
18 Scientology organization which was created in 1966,  
19 lasted through 1981 and controlled underneath Hubbard  
20 and Mary Sue Hubbard's direction, the financial,  
21 public relations, legal and intelligence arms of  
22 Scientology.

23 Q Did you have personal knowledge?

24 MR. MOXON: Move to strike. Lack of  
25 foundation.

1 A Yes, I did.

2 Q BY MR. YANNY: Upon what do you base that  
3 personal knowledge?

4 A On many policies.

5 Policy letters which were written by  
6 Hubbard which laid out the structure of the Guardian's  
7 Office.

8 Personal experience within the Guardian's  
9 Office.

10 My study of Guardian's Office policies.

11 My study of Guardian's Office  
12 intelligence policies and orders.

13 Q And you were a member of the Guardian's  
14 Office, is that not correct?

15 A For a brief time and throughout my time  
16 in the, as the intelligence officer on board the ship,  
17 my direct senior was the assistant guardian for  
18 intelligence assigned to the ship.

19 So during that period of time there was a  
20 Guardian's Office bureau on board the ship, so  
21 essentially I operated in the Guardian's Office at  
22 that time. Although the posting remained a Sea Org  
23 posting.

24 Q Did you become aware at any point in time  
25 of a doctrine known as a "fair game policy?"



1 A Yes.

2 Q Would you tell us what that is?

3 MR. MOXON: Objection, irrelevant.

4 THE REFEREE: Overruled.

5 You may answer.

6 A "Fair game" is a doctrine, philosophy and  
7 policy within the organization, created by Hubbard,  
8 for dealing with perceived enemies of the  
9 organization.

10 It states specifically that someone who  
11 is declared fair game, that is a perceived enemy, may  
12 be lied to, cheated, stolen from, sued and destroyed,  
13 without any action being taken against the person so  
14 doing that.

15 MR. MOXON: Object, lack of foundation.

16 Q BY MR. YANNY: Does the policy state that  
17 it can be accomplished -- "it" being the destruction  
18 of the perceived enemy -- by any means?

19 A Yes.

20 MR. MOXON: Object, leading question.

21 THE REFEREE: It is a leading question

22 Mr. Yanny.

23 Let's pose our questions carefully.

24 Q BY MR. YANNY: Is that policy that you've  
25 just talked about a written policy?

1 A Yes.

2 Q Have you personally read it?

3 A Yes.

4 Q You've personally heard Mr. Hubbard

5 discuss it?

6 A No.

7 Q On tape?

8 A I have heard Hubbard's discussion of

9 enemies of the organization.

10 MR. MOXON: Move to strike.

11 Unresponsive.

12 A On tape. But not that I recall the term

13 "fair game" on tape.

14 Q BY MR. YANNY: The GO was disbanded at

15 some point in time, is that not correct?

16 MR. MOXON: Objection, leading question.

17 THE REFEREE: You can answer that.

18 Was it or was it not disbanded?

19 A In part it was disbanded. Some of the

20 personnel were gotten rid of. Some were retained.

21 The functions were retained and the name

22 was changed to the Office of Special Affairs.

23 MR. MOXON: Objection, lack of

24 foundation.

25 Mr. Armstrong indicated that he left the



13  
14

1 Church in 1981. Apparently he's testifying about  
2 things that happened long after he left.

3 MR. YANNY: Apparently Mr. Moxon knows  
4 all about 'em.

5 THE REFEREE: He may know.

6 Lay some foundation. The source of your  
7 knowledge.

8 Q BY MR. YANNY: The source of your  
9 knowledge as to what happened there, sir?

10 A I was present in the organization when  
11 the upper echelon of the Guardian's Office were  
12 removed by CMO operations. That was, occurred in  
13 1981.

14 I have subsequently seen declarations by  
15 later members of the Office of Special Affairs  
16 indicating the creation of OSA to perform those GO  
17 functions.

18 MR. MOXON: I move to strike. He's  
19 testified the basis of his knowledge is hearsay.

20 MR. YANNY: Let me see if I can clarify  
21 that and perhaps get a hearsay exception.

22 THE REFEREE: Go ahead.

23 Q BY MR. YANNY: You just made reference to  
24 certain documents.

25 You made reference to a lot of documents;

1 fair game policy, the stipulation of evidence, other  
2 documents that you've seen that indicated to you that  
3 OSA or Office of Special Affairs had replaced the  
4 Guardian's Office, is that correct?

5 A Right.

6 MR. MOXON: Objection, the testimony does  
7 not --

8 THE REFEREE: This all may be stricken.  
9 Let's see if we can get around the hearsay.

10 MR. MOXON: My objection, Your Honor, is  
11 that it's a mischaracterization of the testimony. Mr.  
12 Armstrong --

13 MR. YANNY: It's a mischaracterization of  
14 the documents.

15 MR. MOXON: Mr. Armstrong has testified  
16 that the stipulation of evidence was in the seventies.  
17 He's indicated that now that was what he read in the  
18 seventies.

19 Mr. Yanny is trying to put words in his  
20 mouth as to what he read in the seventies indicated  
21 what happened later on after he left the Church in  
22 '81.

23 THE WITNESS: I didn't take his question  
24 to mean that; that he referred to documents which I  
25 had seen fair game for example, back the beginning of



1 the seventies.

2 The transfer of GO to OSA did not happen  
3 until the eighties.

4 MR. MOXON: I move to strike.

5 Q BY MR. YANNY: Let me ask you something,  
6 did you as a result -- let me withdraw that.

7 Were you required at any point in time to  
8 turn over to the custody of the organization any or  
9 all of the documents you have just made reference to  
10 that were in your possession?

11 THE REFEREE: You mean the declarations  
12 and whatnot?

13 Q BY MR. YANNY: No, not the declaration.  
14 I'm talking about the documents such as the  
15 stipulation of evidence, such as the fair game policy.

16 Let me ask you --

17 MR. MOXON: Objection, compound.

18 MR. YANNY: Let me withdraw the question.

19 Q BY MR. YANNY: When you left in December  
20 of 1981 did you take anything with you?

21 A You mean organization documents?

22 Q Yes, sir?

23 A All of the documents at that time that I  
24 took with me or had outside the organization, I  
25 delivered to Omar Garrison.

1 Omar Garrison was the writer outside of  
2 Scientology with whom I had been working on a Hubbard  
3 biography project in 1980 and 1981.

4 THE REFEREE: Is the answer to the  
5 question that yes, you did take some material with you  
6 which you later turned over to this other gentleman?

7 THE WITNESS: The documents, any  
8 documents that I had I did not take with me. I  
9 delivered to him, then I left.

10 Q BY MR. YANNY: So you delivered --

11 If I understand your testimony what you  
12 did is while still a member of the organization you  
13 delivered the documents and/or tapes, if I understand,  
14 to Mr. Garrison while you were still a member of the  
15 organization, and then left the organization and  
16 obtained those documents from Mr. Garrison?

17 MR. MOXON: Objection, compound question.  
18 I have no idea what this question --

19 THE REFEREE: Do you understand the  
20 question?

21 A I think I can clarify it for everyone.

22 MR. MOXON: I object, there is not a  
23 specific question. You can't just testify on your  
24 own.

25 THE REFEREE: Objection sustained, just



1 as to the form of the question.

2 Q BY MR. YANNY: Let me lay just a little  
3 bit more foundation.

4 Had you ever heard of an enemies list?

5 MR. MOXON: Objection, vague and  
6 ambiguous.

7 Are you talking about the IRS enemies  
8 list or the Church?

9 MR. YANNY: I'm talking about the  
10 organization's enemies list.

11 THE REFEREE: As to time, any time he saw  
12 a list?

13 Q BY MR. YANNY: Any time during your  
14 membership in the organization?

15 A I had seen in the organization lists of  
16 enemies.

17 Q Was the Judiciary considered one of the  
18 enemies listed on that list?

19 A Yes.

20 Q Was the Executive Branch of the United  
21 States Government considered to be one of the enemies?

22 MR. MOXON: I object.

23 A I don't recall that it was that broad and  
24 even as to the judiciary, that broad.

25 But that there were specific individuals

1 or specific agencies, some that I recall, Food and  
2 Drug Administration, that sort of thing.

3 And there were lists of individuals and  
4 agencies who were considered enemies of the  
5 organization and there were lists of those.

6 MR. MOXON: Move to strike, lack of  
7 foundation.

8 We still have pending all these other  
9 questions.

10 THE REFEREE: This particular, this  
11 subject motion to strike is denied.

12 The other one is still under submission.

13 Q BY MR. YANNY: Let me ask you this Mr.  
14 Armstrong.

15 In 1977 there was a raid conducted on the  
16 organization, was there not, by federal agencies?

17 A Yes.

18 Q And you were aware of that?

19 A Yes.

20 Q As a member of the organization?

21 A Yes.

22 Q That was on GO offices, Guardian's  
23 offices?

24 A Yes.

25 Q Were documents confiscated at that time



15

1 by the United States Government?

2 A Yes.

3 Q Did you, subsequent to your departure  
4 from the organization, obtain copies of the documents  
5 that the government had seized?

6 MR. MOXON: All of them?

7 A Not all of the documents that were  
8 seized.

9 But I had possession of certain of those  
10 documents, and while working in the Flynn, at that  
11 time Flynn Joyce and Sheridan firm in Boston in 1985  
12 and '86, I had access to a fairly massive quantity of  
13 what were then known as the seized documents.

14 MR. MOXON: Objection to this whole area,  
15 it's irrelevant.

16 We're now talking about something that  
17 occurred in 1977, about documents that were allegedly  
18 seized in 1977. How they relate to what Mr. Yanny did  
19 20 years later --

20 THE REFEREE: It's not quite 20 years  
21 later. I think that we will --

22 MR. MOXON: Fifteen years later.

23 Q BY MR. YANNY: Mr. Armstrong, did you  
24 become familiar with the contents of those documents?

25 A Yes.

15           1           Q           Did you at any point in time, were you at  
2           any point in time required as a result of any  
3           arrangement with the organization to return all copies  
4           of those documents to the organization?

5                       MR. MOXON:  Objection, ambiguous.

6                       I don't know what documents you're  
7           talking about Mr. Yanny.

8                       MR. YANNY:  The seized documents.

9                       THE REFEREE:  I'm taking it as addressed  
10          to the copies of the seized documents that were in the  
11          witnesses possession.

12                      MR. MOXON:  He testified that he saw them  
13          in a law office.  The question is were you required to  
14          return documents in a law office.

15               Q           BY MR. YANNY:  That's not my question.

16                      You testified that you during, subsequent  
17          to your departure from the organization in December of  
18          1991 obtained copies and access to what you called the  
19          "seized documents."

20                      Is that a correct recitation of your  
21          testimony so far?

22               A           Correct.

23               Q           Were you at any point in time required to  
24          return any and all copies which you possessed of those  
25          documents to the organization?



15           1           A           Yes.

2           Q           And when was that sir?

3           A           That was in December of 1986. Culminated

4           in January of 1987.

5           Q           Now, to the best of your recollection,

6           since then have you obtained copies of those documents

7           back from the organization?

8           A           No.

9           Q           Have you asked for them back from the

10          organization?

11                   MR. MOXON: Objection, irrelevant.

12          A           My recollection is that a request was

13          made in the Armstrong I case, but I'm not certain if

14          that's the case.

15          Q           BY MR. YANNY: When you refer to the

16          Armstrong I case you're referring, are you not sir, to

17          a lawsuit that was instituted against you, Gerald

18          Armstrong, in or about 1980 --

19          A           '82.

20          Q           -- by the organization and Mary Sue

21          Hubbard?

22          A           Mary Sue Hubbard intervened later in that

23          year, yes.

24          Q           For your possession of these and other

25          documents, is that correct?

1 MR. MOXON: Objection, ambiguous  
2 question.

3 THE REFEREE: I don't understand that  
4 one. Do you want to re-state it?

5 Q BY MR. YANNY: You were sued in 1982 by  
6 the organization and Mary Sue Hubbard, is that  
7 correct?

8 A Yes.

9 Q What was the purpose of that suit as you  
10 understand it currently?

11 A It had to do with my transmission of  
12 documents to my lawyers at that time, that is Michael  
13 Flynn and Julia Dragojevic which I had obtained from  
14 Omar Garrison in the spring and summer of '82 in order  
15 to send to them.

16 Q Was that suit eventually culminated? Did  
17 it terminate in some fashion?

18 A Yes.

19 Q Did that suit eventually settle?

20 MR. MOXON: Objection, Mr. Yanny knows  
21 that the settlement of that suit was the subject of a  
22 confidential agreement between the parties.

23 He's attempting to use information he  
24 acquired as counsel for the Church to further breach  
25 and further commit torts against the plaintiff.



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MR. YANNY: Objection. This is a  
published opinion.

MR. BERRY: I would also point out the  
settlement agreement has been filed in open court in  
Marin County, and if Mr. Moxon is referring to  
privileges they have been waived by the commencement  
of this litigation and were held in the past  
litigation to have been partially right --

MR. MOXON: Is it relevant to this case?

MR. YANNY: I'll show in a second.

MR. MOXON: We're always trying catch up,  
but we never get the actual relevance.

MR. YANNY: I think that's why you  
protest so hard is because you know the relevance.

THE REFEREE: Thank you folks.

I note an objection. The question is was  
there a settlement, and that's a yes or no I believe.

A There was a partial settlement.

Q BY MR. YANNY: Has the terms --  
Was that a written settlement instrument?

A Yes.

Q Has that settlement instrument, since  
it's entry, become public record?

A Yes.

Q Is that in the court of appeals?

1           A           Yes.

2           Q           Is it also public record, to your  
3 knowledge, in the "Corydon v Scientology" case in the  
4 Los Angeles Superior Court files?

5           A           It was at one time.

6           Q           Has that also been made public record in  
7 the Marin County case these people have just filed  
8 against you?

9           A           Yes.

10                   MR. MOXON: I also object to this whole  
11 line of question as leading.

12                   THE REFEREE: They have been leading, but  
13 I figure it's saving a little time.

14                   Now, let's see if I understand what  
15 ya'all are saying. Ya'all are saying that the  
16 settlement agreement in Armstrong I -- if I understand  
17 it correctly, if I understand the terminology  
18 correctly -- has been breached in some fashion and  
19 that the agreement is a matter of public record in the  
20 court records of the Marin County Superior Court, is  
21 that correct?

22                   MR. GREENE: Yes.

23                   MR. BERRY: Scientology's own counsel up  
24 there, Mr. Wilson, said so in the public record two  
25 weeks ago.



1 MR. MOXON: I object to one thing, that  
2 is that Scientology is the name of a religion, Mr.  
3 Berry, as you know. There is a specific plaintiff up  
4 there apparently.

5 I also have yet to see any relevance of  
6 the entire line of questioning to any issue in this  
7 case.

8 MR. YANNY: If I might show you.

9 THE REFEREE: I realize you have a  
10 continuing objection. I'm still seeking the relevance  
11 and we'll see where we are.

12 MR. BERRY: I might add that the Flynn  
13 settlement agreements and their circumstances  
14 surrounding their entry into and specifically  
15 discussed in the affirmative defense in this case.

16 Q BY MR. YANNY: Your agreement, the  
17 agreement of Armstrong settling the portion of your  
18 case which settled, which is now moved into the public  
19 record in a number of locations, was only one of a  
20 series of Flynn agreements, is that your  
21 understanding?

22 A Yes.

23 MR. MOXON: Objection, leading question.

24 THE REFEREE: It is a leading question.  
25 Put 'em in a different form.

1                   There were a series of Flynn settlements?

2                   THE WITNESS: Right.

3                   MR. MOXON: I request an admonition to  
4 the witness.

5                   We have all these leading questions.  
6 When I asked him a question he would wait five or 10  
7 seconds before he answered. Now he answers  
8 immediately.

9                   THE REFEREE: Any time there is a  
10 question, just wait.

11               Q       BY MR. YANNY: In addition to your --  
12                   Do you consider your agreement -- I'll  
13 rephrase it.

14                   Mr. Armstrong, do you consider the  
15 Armstrong settlement agreement to be one of the Flynn  
16 settlement agreements?

17                   MR. MOXON: Objection, leading.

18                   THE REFEREE: Or not?

19               Q       BY MR. YANNY: Or not?

20               A       Yes.

21               Q       Now, where were you employed at the time  
22 of the settlement agreement, if anyplace?

23               A       At the law firm of Flynn Joyce and  
24 Sheridan, in Boston.

25               Q       Who was acting as your counsel at that



16

1 time in the Armstrong case, if anyone?

2 A Michael Flynn.

3 Q Were you aware of any other agreements  
4 besides yours that was entered into at or about the  
5 same time as your settlement agreement?

6 A Yes.

7 Q Can you estimate for us how many other  
8 settlement agreements involving the organization and  
9 Mr. Flynn's clients?

10 A Approximately 15 at that time.

11 MR. MOXON: I object to this line of  
12 questioning dealing with a case up in Marin County  
13 that has nothing to do with this case, if we're  
14 seeking testimony for the Marin County case in which  
15 there is the order.

16 We should make that plain on the record.

17 THE REFEREE: I'm still waiting for the  
18 tie-in.

19 Q BY MR. YANNY: Judge, here it is.

20 Mr. Armstrong, did any of those other  
21 agreements to which you've made reference require that  
22 people who were situated as you, with access to  
23 documents related to the organization such as the  
24 seized documents, did any of those other agreements  
25 require that those other defendants turn those

16 1 documents back over to the organization?

2 MR. MOXON: Objection, leading question.

3 THE REFEREE: That's not really leading.

4 Did they require that?

5 A Yes.

17 6 Q BY MR. YANNY: Did those agreements also

7 require, as did your agreement, that you not

8 voluntarily assist people in the future in litigation

9 against Scientology?

10 A Yes.

11 Q Did any of the documents that were turned

12 over illustrate over a period of time any tortious or

13 criminal activities?

14 MR. MOXON: Objection, leading question.

15 Lack of foundation.

16 THE REFEREE: It's a yes or no.

17 In your understanding?

18 A Yes.

19 Q BY MR. YANNY: Are those documents now

20 readily available anyplace?

21 MR. MOXON: Objection, calls for a

22 conclusion without foundation.

23 THE REFEREE: Do you know whether they

24 are available anywhere?

25 A Some of them are. Some of them are not.



17 1 Q BY MR. YANNY: Are you aware of any  
2 published depositions or written articles that predate  
3 the seizure the raids by the Federal Government in '77  
4 up to the present, regarding Scientology and the  
5 practice of the fair game policy?

6 MR. MOXON: Objection, calls for a  
7 hearsay response.

8 It's irrelevant to the case.

9 MR. YANNY: It's discovery.

10 MR. MOXON: It doesn't discover anything.

11 THE REFEREE: First, you can answer this  
12 yes or no. And then there is going to have to be some  
13 showing as to the basis of your answer.

14 A Could you give me that time period again  
15 that you're referring to?

16 Q BY MR. YANNY: Are you aware of any  
17 articles or published legal opinions that both predate  
18 the seizure or the raids by the United States  
19 Government in 1977 on the GO's office and come up to  
20 the present regarding Scientology and/or the practice  
21 of fair game?

22 MR. MOXON: I object, the question is  
23 vague, ambiguous, confusing.

24 THE REFEREE: Sustained as to form.

25 A (No response)

1 Q BY MR. YANNY: Are you aware of any  
2 published opinions regarding the practice of fair game  
3 within the meaning of Scientology doctrines?

4 A Yes.

5 Q Could you outline for us, just briefly,  
6 some of them?

7 A "Allard versus Church of Scientology,  
8 California."

9 Q Do you have an approximate vintage for  
10 that?

11 A 1970 perhaps.

12 Q Does it predate, to your knowledge, "the  
13 raid" as it has become affectionately referred to in  
14 Scientology in 1977?

15 A Yes.

16 Q Any other published opinions regarding  
17 the practice of fair game that you know of?

18 A "Wollersheim versus Church of  
19 Scientology."

20 Q What was the date on that?

21 MR. MOXON: I object Your Honor.

22 Your Honor, we've gone on for a couple of  
23 hours without tying any of this together. Mr. Yanny  
24 is now asking the witness to tell him about legal  
25 decisions he's read at some object point in the past,



1 from the 1970's to the present.

2 How that provides any personal knowledge  
3 of this witness to any issues in the case is truly  
4 beyond me. It's irrelevant and it's wasting all of  
5 our time.

6 MR. YANNY: From the affirmative defense,  
7 if I could, illegality.

8 THE REFEREE: We have been at this  
9 particular line for 40 minutes anyway.

10 MR. YANNY: I understand, Your Honor.  
11 Not one question goes by without an objection. It is  
12 a long and sordid history.

13 THE REFEREE: I know.

14 But if in fact these decisions say what  
15 your question would indicate that they say, and what  
16 the witnesses indicate they say, then they say what  
17 they say.

18 Let's go to something else.

19 MR. YANNY: The point is this Your Honor.  
20 The point is this. The documents that were available  
21 for people to prove that pattern and practice  
22 beginning in 1970 through the Wallersheim decision in  
23 1986, through the precluding one this man has  
24 forgotten, which is "The Church of Scientology v.  
25 Gerald Armstrong" Court of Appeals decision, and Judge

1 Breckenridge's decision, although there was a  
2 consistent ongoing pattern and practice which on a  
3 good day is simply intentionally tortious, and day in  
4 and day out, criminal.

5 THE REFEREE: The decisions exist. What  
6 do they have to do with the testimony from this  
7 witness today?

8 MR. YANNY: Because as part of the  
9 settlement of these cases what has ended up happening  
10 is that people like Mr. Armstrong has been placed in a  
11 position where they cannot cooperate with people like  
12 the Aznarans voluntarily. They cannot tell them about  
13 the existence or location of evidence voluntarily.

14 Q BY MR. YANNY: Mr. Armstrong, was it your  
15 understanding that the Flynn agreements required  
16 counsel to agree not to take cases against Scientology  
17 in the future?

18 A Yes.

19 MR. MOXON: I object, because this is --  
20 in the middle he's asking new questions in the middle  
21 of the court's request to tie this all together. Mr.  
22 Yanny has still failed to do so. It has no  
23 conceivable relevance to this case.

24 MR. YANNY: These people come in here  
25 asking for equity against me because I made an



17           1       appearance in the case.

                  2                   They sit there and sue me for breach of  
3       fiduciary duties, which as long as I went to school  
4       was an equitable request.

18           5                   They seek disqualification against me in  
6       a case, which as far as I understand, pursuant to  
7       California law, is an equitable request that Toby be  
8       enjoined from further participating. Their clean  
9       hands, their dirty hands is not --

10                   MR. MOXON: It's not an equitable  
11       question.

12                   THE REFEREE: Alright.

13                   MR. BERRY: Equitable relief is being  
14       sought in this case and we have completely raised the  
15       defense that the depletion of the valuable pool of  
16       attorneys was part justification for whatever Mr.  
17       Yanny did, and the very last question moves right into  
18       that area.

19                   THE REFEREE: I'm aware that that's part  
20       of your position.

21                   The objection's overruled.

22                   If you still have the question in mind  
23       you may answer it.

24                   MR. YANNY: I believe he already gave an  
25       answer.

1 Did you get it?

2 THE REPORTER: I'll have to get it.

3 THE REFEREE: The answer that he gave,  
4 despite his agreement to give Mr. Moxon a chance to  
5 object, was yes.

6 THE WITNESS: Yes.

7 THE REFEREE: Is it still yes?

8 THE WITNESS: Yes.

9 Q BY MR. YANNY: How many attorneys are you  
10 personally aware of that gave that agreement?

11 A I have spoken to two attorneys and I'm  
12 aware of at least a third. So two I've spoken to who  
13 confirmed that they are specifically prohibited.

14 Q Is Julia Dragojevic one of those?

15 A And Michael Flynn. And Julia has advised  
16 me that Bruce Bunch is likewise a signatory to such an  
17 agreement.

18 Q Mr. Flynn had a partner, what was his  
19 name?

20 A My recollection is Michael Tabb maybe,  
21 but I have never discussed that with him.

22 Gary MacMurray, I'm sorry, another lawyer  
23 that I have communicated with who has advised me that  
24 he too has signed such an agreement.

25 Q Do you know of any other people who have



1       been solicited to sign such agreements or agreed to  
2       such?

3               A       Not that I have spoken to personally, or  
4       at least that I do not recall at this time.

5               Q       Do you know Barry Van Sickle?

6               A       Yes.

7               Q       Were you present in my office on one  
8       occasion when he recounted a conversation he had had  
9       with Bill Drescher?

10                      MR. MOXON:  Objection, leading question.

11               A       Yes.

12               Q       BY MR. YANNY:  Did you sign a declaration  
13       to the effect of what you overheard in that  
14       conversation?

15               A       Yes, I did.

16               Q       To your knowledge was that declaration  
17       submitted in court?

18               A       Yes.

19               Q       Has it been your experience -- you said  
20       your case settled, correct?

21               A       It settled in part.

22               Q       In part.

23                      What part settled?

24               A       The cross-complaint.

25               Q       That was your claims against the

18           1       organization?

          2           A       Right.

          3           Q       How much did you get paid for that?

          4           A       I am barred from saying.

          5           Q       Not in deposition you're not.

          6                   MR. MOXON: I agree, he is barred from  
          7       saying.

          8                   MR. BERRY: The agreement specifically  
          9       states he will not provide information about that  
         10       agreement unless compelled by lawful subpoena.

         11                  MR. YANNY: That's what brings us here  
         12       this happy day.

         13                  MR. GREENE: You're not a lawyer. Are  
         14       you representing him?

         15                  MR. MOXON: I instruct the witness not to  
         16       answer.

         17                  MR. YANNY: He subpoenas him here and  
         18       brings him here and I'm not allowed to employ the  
         19       potential bias of the witness?

         20                  THE REFEREE: I understand your position.  
         21       I'm looking at the witness' lawyer.

         22                  THE REFEREE: Two minute break.

         23

         24                               (Recess taken.)

         25       ///



1 MR. GREENE: Back on the record.

2 THE REFEREE: Back on the record.

3 MR. GREENE: With respect to any  
4 agreements or discussions between Mr. Armstrong and  
5 his former counsel, Michael Flynn, as those  
6 particularly relate to any settlement of Mr.  
7 Armstrong's cross-complaint, I'm going to assert the  
8 attorney-client privilege as it pertained between  
9 Armstrong and his former counsel and instruct Mr.  
10 Armstrong not to answer that question. The one that's  
11 pending.

12 THE REFEREE: Alright.

13 MR. YANNY: I don't know that I  
14 understand for the record.

15 THE REFEREE: He's claiming the  
16 attorney-client privilege.

17 MR. YANNY: As to the amount of a  
18 settlement?

19 THE REFEREE: I guess so.

20 Let me approach this from another  
21 standpoint.

22 The function of discovery usually is to  
23 determine what a person knows or what a person can say  
24 or will say.

25 Is it anticipated that Mr. Armstrong is

1 going to be a witness in this, in the trial of this  
2 case?

3 MR. YANNY: It sure is Judge. I have  
4 been sued for representing him.

5 MR. BERRY: He's the second cause of  
6 action Your Honor.

7 THE REFEREE: It's your position that the  
8 restraining order obtained from the superior court in  
9 Marin County prohibits his being interviewed by you?

10 MR. YANNY: Yes, Your Honor.

11 THE REFEREE: So it's your position that  
12 the only way you know what he's going to say is by  
13 deposing him under oath?

14 MR. YANNY: Yes, Your Honor.

15 MR. BERRY: I have a copy of the  
16 transcript of the hearing in Marin County in my  
17 vehicle.

18 THE REFEREE: This seems like a  
19 cumbersome way to proceed.

20 MR. YANNY: I agree.

21 MR. MOXON: Yesterday Mr. Yanny filed a  
22 motion to intervene in that case.

23 MR. YANNY: To preserve my ability, as  
24 any other citizen ought to have in this country, to  
25 easily gather information and evidence necessary for



1 the defense.

2 You can't sue me for representing him and  
3 tell him by the way of a TRO that he can't assist me  
4 in my defense motion. I suggest Marin County is the  
5 place Mr. Yanny has the argument, not here.

6 You're trying to unduly multiply the  
7 number of proceedings so anybody except people like  
8 you with too many tax free bucks to defend  
9 themselves -- the fact of the matter is you brought a  
10 proceeding in December or November directed exactly at  
11 the same enforcement that you're seeking against Mr.  
12 Armstrong up north.

13 THE REFEREE: Let's just see where we're  
14 going today.

15 I wanted to be sure I was straight on the  
16 purpose of the inquiry today and I guess we can go  
17 forward.

18 THE WITNESS: But I'm not sure that I  
19 really understand, if in fact the terms of the  
20 settlement have been made public in the Marin County  
21 case and if in fact they have become a matter of  
22 public record there --

23 MR. GREENE: That is the case.

24 THE REFEREE: Then can the court take  
25 judicial notice of that what record is?

1 MR. MOXON: There is no judicial notice  
2 to take.

3 THE REFEREE: I'm just trying to see the  
4 adviseability and necessity of eliciting the testimony  
5 on this particular point from this witness.

6 MR. GREENE: If I may for a moment, Your  
7 Honor?

8 I represent Mr. Armstrong in the Marin  
9 County matter. I practice in the courts up there,  
10 numerous times every week.

11 The settlement agreement is a matter of  
12 public record. Scientology sought to have it sealed  
13 specifically in an ex parte proceeding. That request  
14 was denied. Therefore it is a matter of public  
15 record.

16 I'm advised by Mr. Berry he has a copy of  
17 the agreement here which he can show to the court,  
18 Omar III, Michael Dufacy issued a temporary  
19 restraining order prohibiting Mr. Armstrong from  
20 providing any kind of assistance to Mr. Yanny unless  
21 it was pursuant to a subpoena, and taken in the course  
22 of a proceeding such as we're doing today.

23 The restraining order specifically  
24 prohibits Armstrong from going and talking about how  
25 he can assist Mr. Yanny in his defense on just a



1 casual basis. So they're forced to do this.

2 MR. YANNY: To do my interview here.

3 MR. BERRY: In fact, Your Honor, Mr.

4 Moxon's own employee, Ms. Bartilson, said we do not  
5 need the relief we seek in that court case because we  
6 can get the information at this deposition.

7 MR. YANNY: If the amount of money that I  
8 paid Jerry Armstrong and this court allowed that for  
9 the stock -- because this is of course the Gerald  
10 Armstrong Corporation according to Mr. Moxon -- is  
11 some nefarious scheme set up by the IRS and Zennu  
12 himself, if the familiarity of money that flowed one  
13 way is relevant then the amount of money is definitely  
14 relevant to this man's testimony.

15 THE REFEREE: It's not a question of  
16 what's relevant.

17 What I'm trying to understand is if the  
18 terms of the settlement are a matter of public record  
19 anywhere in California, and apparently they are, and  
20 if the TRO, which has to expire sometime I would  
21 think, is directed to testimony other than testimony  
22 under oath, and from a subpoenaed presence, then  
23 what's the basis for the claiming of a privilege?

24 MR. YANNY: Here's the kicker. The  
25 agreement does not have the amount.

1 THE REFEREE: Excuse me. First I'm  
2 asking the lawyer for the witness.

3 MR. GREENE: One, we are talking about  
4 more than one agreement. There is what one might call  
5 a generic settlement agreement that Armstrong signed,  
6 and some 15 to 17 other people signed.

7 In that agreement there is no mention of  
8 amounts of money that, an amount of money that went  
9 from Scientology to Armstrong so that Armstrong would  
10 drop his cross-complaint.

11 The agreement and the basis for my  
12 instruction to Armstrong to refuse to answer Mr.  
13 Yanny's question was an agreement between Mr.  
14 Armstrong and his then counsel, Michael Flynn.

15 So the agreement in Marin County upon  
16 which Scientology bases it's lawsuit against Armstrong  
17 does not include within its scope the private  
18 agreement between Mr. Armstrong and his former  
19 counsel. I don't know if that sheds any light.

20 THE REFEREE: The dollar figure is not a  
21 matter of public record?

22 MR. GREENE: It is not.

23 MR. YANNY: What ended up happening,  
24 these people would settle their claims, Mr. Flynn  
25 entered into a separate agreement and he got the money



1 and parceled it out with all of his clients.

2 THE REFEREE: So the Flynn negotiation  
3 then resulted in a settlement agreement, and a block  
4 settlement and the distribution of the money was  
5 between Flynn and the individual plaintiffs?

6 MR. GREENE: Correct.

7 THE REFEREE: Or cross-complaints?

8 MR. GREENE: Correct.

9 MR. BERRY: And Mr. Flynn himself.

10 MR. MOXON: All these decisions have  
11 absolutely nothing to do with the case.

12 Secondly, the court has made some  
13 assumptions based on the representations of counsel  
14 what is public and what is not public.

15 I have not been involved in the Marin  
16 case at all. Our firm is fairly large. I haven't  
17 been involved in that. I don't know what's public up  
18 there and what isn't.

19 I did, however, call my office, and over  
20 the break I got an order from Judge Cardenas, which I  
21 brought to Mr. Yanny's attention at the break,  
22 indicating that this deposition was not supposed to be  
23 an open-ended deposition where anybody can take the  
24 deposition they wanted.

25 It was very, very difficult to get this

1 deposition scheduled and it's something that has been  
2 a bone of contention for most in this case. Judge  
3 Cardenas specifically ruled --

4 MR. YANNY: Is that a complete  
5 transcript?

6 MR. MOXON: January 30, 1992. The court  
7 notes as follows, however, additionally on that the  
8 depositions of Greene, Armstrong and Phippeny will go  
9 forward on 5th of February, 5th, 6th and 7th.  
10 However, the depositions will be taken by the  
11 plaintiff.

12 First, that is to say that the plaintiffs  
13 will have the opportunity to take the individual  
14 deposition first. And should the defendants agree to  
15 take the deposition of Greene, Armstrong and Phippeny  
16 at a later time, that can be done.

17 We noted the deposition of Mr. Armstrong.  
18 We had two other depositions scheduled for today.  
19 Whatever we get today is not cross-examination.  
20 However titillating Mr. Yanny feels this information  
21 is with respect to some defense, what he's doing is  
22 taking our time and leading in deposition of Mr.  
23 Armstrong that Judge Cardenas said would have to be  
24 handled at a different time.

25 MR. YANNY: That is an incomplete



1 transcript.

2 I then asked if we would have an  
3 opportunity to examine as well pursuant to CCP. The  
4 court stated yes. We brought them down here at our  
5 expense.

6 THE REFEREE: Whatever everybody's  
7 intentions, including Judge Cardenas's intentions were  
8 when that hearing was held, things are being done  
9 differently, because this isn't happening on February  
10 5th, 6th and 7th, this is happening now.

11 We're all under the gun a bit because of  
12 the trial date that Judge Cardenas has in mind, I  
13 think, and I chose just as a matter of convenience to  
14 get done everything that can be done with Mr.  
15 Armstrong today.

16 It's clear that Mr. Greene and Ms.  
17 Phippany's depositions are going to have to be taken  
18 on another day. When? It's up to all of you to agree  
19 if you can as to whether that day should be tomorrow  
20 or one day next week, and consult with counsel who is  
21 getting ready to have his deposition taken tomorrow.

22 That really, I don't see that anything is  
23 really lost here in the long run. If in fact, if  
24 there was a confidential settlement made involving the  
25 Church and whatever form it was in the other

1 litigation, and Mr. Flynn and Mr. Armstrong, and that  
2 agreement has not been made public, then I think I  
3 want to hear a little bit more about the claim of  
4 privilege here, the claim of work product or whatever  
5 privilege this would be.

6 Certainly just thinking about it in  
7 general equitable, thinking about the problem in a  
8 general equitable sense or thinking about it according  
9 to general equitable principles, if Mr. Armstrong got  
10 a dollar for settling that might have one effect on  
11 him, or if he got a million dollars that might have  
12 another effect on him.

13 I haven't detected in listening to him  
14 testify today any sentiment toward, any leaning on his  
15 part in favor of the Church. Or the organization,  
16 whatever terms ya'all can be comfortable with.

17 So you could not really say that the fact  
18 that a substantial, if in fact a substantial amount of  
19 money went to him in settlement, that it has caused  
20 him to lean toward the Church in any testimony that's  
21 going to be elicited from him.

22 If Mr. Yanny's point is that the sum  
23 should be, the amount should be discovered because the  
24 fact that X dollars were spent in this way would  
25 indicate some admission of fault on the part of the



1 Church organization, or was a part of a pattern to  
2 seek to inhibit the discovery of Church information,  
3 maybe that's something that you all want to be heard  
4 further on.

5 But it just -- nobody has -- Mr.  
6 Armstrong hasn't been dragged kicking and screaming  
7 here, and has hardly opened his mouth. You could  
8 never say that's the situation we find ourselves in  
9 today.

10 MR. YANNY: Can I lay a foundation?

11 MR. MOXON: I suggest that this is a  
12 matter which is before the court in Marin County. Mr.  
13 Yanny has already filed something up there to get  
14 relief from that order. This is not the appropriate  
15 place based just on the oral representations of  
16 counsel to make any ruling of this issue.

17 Obviously it's a subject of vast  
18 pleadings according to Ms. Bartilson in the phone  
19 conversation. I haven't had a chance to meet with her  
20 on this.

21 Something like a 70 page brief was filed  
22 on behalf of Mr. Yanny on behalf of Mr. Armstrong up  
23 there on these issues. I see no utility in taking the  
24 issue away from the court where it's properly to be  
25 determined and bringing it down here where it could

1           1           potentially be determined on a very inadequate record.

2                       MR. BERRY: I'm lost as to what we are

3           3           deciding at this particular moment.

4                       THE REFEREE: We're deciding whether Mr.

5           5           Armstrong should be required to give a dollar amount

6           6           that he received from Mr. Flynn as his part of a

7           7           settlement agreement.

8                       MR. YANNY: Can I lay a little more

9           9           foundation?

10                      THE REFEREE: Yes. Just briefly

11           11          hopefully.

12           Q           BY MR. YANNY: Mr. Armstrong, as part of

13           13          the agreement that has been filed -- the Armstrong

14           14          agreement that we have thus far seen, the one that's

15           15          been filed in Marin County and has been part of the

16           16          court of appeals down here -- does that include a

17           17          provision, does that portion of the agreement include

18           18          a provision that Mr. Flynn not take cases against the

19           19          organization in the future?

20                      MR. MOXON: I object again.

21           Q           BY MR. YANNY: To your knowledge?

22           A           No.

23                      MR. MOXON: There's no foundation laid

24           24          that in fact these matters are public record.

25                      THE REFEREE: The answer is no, that it



1           1       didn't require such an inhibition. Is that your  
2           2       understanding?

3                       THE WITNESS: That -- my understanding is  
4           4       this: That the agreement which has now been filed up  
5           5       there which is called the "settlement agreement" that  
6           6       I signed, does not include within it the statement  
7           7       that my lawyers may not take cases adverse to  
8           8       Scientology and may not represent me in my future  
9           9       litigation, but that a separate agreement that the  
10          10       lawyers entered into with Scientology does include  
11          11       that.

12                      THE REFEREE: How do you know that?

13                      THE WITNESS: I have spoken to them. I  
14          14       asked them to assist me.

15                      THE REFEREE: That's what they've said?

16                      THE WITNESS: Right.

17                      MR. MOXON: Obviously the Church of  
18          18       Scientology would be a beneficiary to that agreement  
19          19       based on what Mr. Armstrong says is correct.

20                      THE REFEREE: I understand that.

21                      Here's my thought. When is the hearing  
22          22       on Mr. Yanny's Marin County motion?

23                      MR. GREENE: Friday.

24                      MR. BERRY: There is several motions.  
25          25       There is the motion for preliminary injunction to

enjoin Mr. Armstrong from dealing with us at all outside of this deposition room, and there is our motion to intervene to approve that amount and amicus curiae to enable us to in fact gather evidence from Mr. Armstrong outside of this deposition room forward, and there is a motion on behalf of Mr. Armstrong to transfer the entire area to the L.A. Superior Court.

THE REFEREE: Here's the referee's  
decision on this particular point.

I'm reserving a ruling pending the order of the, whatever order the court makes in Marin County.

I'm asking the court reporter to leave, to include a statement on behalf of Mr. Armstrong that the amount is blank. I'll decide at a later time whether to give you a written order to fill in that blank.

THE WITNESS: That's fine.

(INFORMATION REQUESTED: \_\_\_\_\_)

(The amount is \_\_\_\_\_)

THE REFEREE: And I'm ordering you at  
this time to comply with whatever order I give subject



1 to whatever other influences --

2 THE WITNESS: I'd be happy to Your Honor.

3 THE REFEREE: -- you may be under.

4 And we'll see. So far I really haven't  
5 seen the basis for requiring the answer in the face of  
6 the instruction from counsel. But it may well be the  
7 appropriate thing to do.

8 MR. MOXON: In advance I would like to  
9 register the objection if the court provides such an  
10 order to Mr. Armstrong if Mr. Yanny's position  
11 prevails.

12 THE REFEREE: I wouldn't send it without  
13 everybody having another shot at it, believe me. In  
14 other words if you want me to read what everybody is  
15 talking about up in Marin County you have to provide  
16 it.

17 If you want to brief something I will  
18 have a chance to do so. So we can take Mr. Armstrong  
19 as far along today as we can.

20 MR. MOXON: I'm referring to if we have  
21 an opportunity to appeal it to Judge Cardenas if  
22 necessary before Mr. Armstrong decides to give the  
23 information.

24 THE REFEREE: Alright.

25 I'm sure he won't give the information

1 without an order to do so.

2 THE WITNESS: I'll restrain myself Your  
3 Honor.

4 MR. GREENE: I'm instructing you to.

5 MR. MOXON: So am I.

6 Q BY MR. YANNY: Aside from the agreement  
7 that, or the portion of the Armstrong agreement which  
8 has been filed in the court up in Marin County, have  
9 you become aware of any indemnification agreements  
10 regarding yourself, Mr. Flynn and the organization?

11 A Yes.

12 Q Were those parts of any documents that  
13 were prepared and signed by you?

14 A No.

15 Q Do you understand any of the terms of  
16 those indemnifications?

17 A Yes.

18 Q Would you tell us what they are?

19 MR. MOXON: Any of the terms?

20 MR. YANNY: Yes.

21 A The indemnification agreement that I know  
22 of concerns the appeal that the organization maintain  
23 pursuant to the settlement agreement of the underlying  
24 case in Armstrong I. That was the organization's  
25 lawsuit against me for conversion of the Hubbard



1 archived documents when I sent them to my lawyers.  
2 They appealed from the decision and --

3 Q BY MR. YANNY: Who appealed?

4 A The organization appealed from the  
5 decision of Judge Breckenridge, 1984.

6 And Michael Flynn, along with  
7 organization lawyers, Larry Heller and Earle Cooley,  
8 entered into an agreement whereby they agreed that if  
9 the Breckenridge decision was reversed, the matter was  
10 retried and damages were assessed against me, these  
11 damages would not be in an amount greater than 25,000  
12 and one dollar.

13 And that if I had to pay the amount of  
14 the damages that Michael Flynn would reimburse me, and  
15 the organization lawyers would reimburse Flynn for the  
16 amount of the damages.

17 Q Were any of those indemnification  
18 agreements, to your knowledge, ever presented to any  
19 of the courts?

20 A Yes.

21 Q When?

22 A The one that I have just described was  
23 included in appellant's supplemental appendix to the  
24 second appeal which the organization filed to the  
25 Breckenridge decision. And it was filed in I believe

1 December of 1989 in the court of appeal.

2 Q So if I understand your testimony there  
3 was a decision rendered by Judge Breckenridge that the  
4 organization did not like?

5 A Correct.

6 Q They wanted to take an appeal on that?

7 A They did appeal. They filed a Notice of  
8 Appeal in 1984.

9 Q And took an appeal?

10 A Yes.

11 Q They eventually took an appeal?

12 A Yes.

13 Q If you lost that appeal the net effect to  
14 you, dollarwise, would be zero?

15 A Or one I believe.

16 Q Or one dollar?

17 A Right.

18 Q So then there was a contrived appeal?

19 MR. MOXON: Objection, calls for a  
20 conclusion.

21 It's a leading question.

22 THE REFEREE: Sustained. I think we have  
23 been over this enough.

24 Q BY MR. YANNY: Subsequent to these  
25 agreements being entered --



1 Let me ask you this.

2 These indemnification agreements, have  
3 you seen dates on these agreements?

4 A My recollection is that the one I'm  
5 referring to is December 10, 1986.

6 Q And do you recall the date on your  
7 agreement?

8 A December 6, 1986.

9 Q So this was at or about the same time, or  
10 part of the same series of transactions?

11 A Right.

12 MR. MOXON: Continuing objection as to  
13 the relevancy of any of this. It still has not been  
14 tied together by Mr. Yanny.

15 Q BY MR. YANNY: Are you sure there was all  
16 of the agreements that were entered into in settlement  
17 of your case or any of the Flynn cases?

18 A No.

19 Q Subsequent to the agreements that you've  
20 just set forth, did you have a difficult time in  
21 obtaining counsel?

22 MR. MOXON: Objection, leading question.

23 THE REFEREE: Did you or did you not?

24 A Yes.

25 Q BY MR. YANNY: Did you talk to any number

2

1 of people to get representation?

2 MR. MOXON: Objection, leading question.

3 THE REFEREE: Sustained as to form.

4 A (No response)

5 Q BY MR. YANNY: How many people do you  
6 recall talking to before you finally ended up getting  
7 representation for the appeal?

8 A In the appeal itself?

9 Q Yes.

10 A At the time of the appeal when I again  
11 became involved in litigation, actively involved, at  
12 the time that the second appeal -- that is the opening  
13 brief was filed -- I merely attempted at that time  
14 with Michael Flynn, at which time he advised me that  
15 he would not be involved, and I made the decision at  
16 that time to proceed alone.

3

17 Subsequently I did obtain assistance in  
18 that appeal from another lawyer who subsequently  
19 desired to end his representation of me with regards  
20 to the appeal and the organization.

21 Q Did you become aware at any point in time  
22 during your involvement with the organization of  
23 attempts by the organization to blackmail judges?

24 MR. MOXON: Objection, leading question.

25 Calls for a conclusion.



1 Utterly irrelevant.

2 And an improper question.

3 But primarily that's a leading question.

4 THE REFEREE: Sustained as to form.

5 Q BY MR. YANNY: Did you or did you not  
6 during your period of involvement with the  
7 organization become aware of attempts to blackmail  
8 judges?

9 MR. MOXON: Same objection. Same  
10 question.

11 THE REFEREE: That's something you can  
12 answer yes or no.

13 MR. MOXON: Lack of foundation also.

14 THE REFEREE: We'll get to that in a  
15 minute.

16 A Yes, I do.

17 Q BY MR. YANNY: Could you identify the  
18 judges please?

19 THE REFEREE: First, I haven't heard any  
20 foundation yet.

21 MR. MOXON: There can't be any  
22 foundation. This is just an utter sham.

23 I object to Mr. Yanny's cooperation with  
24 this witness in perpetrating this fraud.

25 THE REFEREE: All right.

1 I have objected to the question pending  
2 Mr. Yanny. I don't see any foundation for this  
3 knowledge.

4 Q BY MR. YANNY: Upon what do you base that  
5 conclusion, sir?

6 What facts or knowledge do you have to  
7 support them?

8 A While in the organization I became aware  
9 of an operation involving Judge Ritchie, Federal  
10 District J.

11 Q That's in Washington, D.C.?

12 A He was trying the "U.S. v. Hubbard" case.

13 Q From whom did you gain that information?

14 MR. MOXON: What information?

15 Q BY MR. YANNY: What information did you  
16 obtain?

17 I'll withdraw the other question.

18 A The information as I recall it was an  
19 effort in involving an ORG private investigator by the  
20 name of Bast, to compromise Judge Ritchie with a  
21 prostitute.

22 MR. MOXON: I strongly object.

23 It's a matter of public record, Your  
24 Honor, that Judge Ritchie re-excused himself from this  
25 case.



1 MR. YANNY: Do you want to tell him after  
2 what?

3 MR. MOXON: After Judge Ritchie utilized  
4 federal marshals to solicit from him he re-excused  
5 himself from the case. There is formal testimony from  
6 the marshals that he did that.

7 Something that Mr. Yanny attempted to  
8 defend years ago, knowing that it was false, and now  
9 is attempting to try to splatter the record with this,  
10 it's highly objectionable.

11 If you want to go on with this irrelevant  
12 stuff I'll just sit here and continue to make my  
13 objections. I strongly object to the fact that I have  
14 been foreclosed in asking what I consider to be  
15 relevant questions, and now we're getting this stuff  
16 that Mr. Yanny has never tied together. We have been  
17 waiting for two hours.

18 MR. BERRY: Once again, the witness  
19 didn't finish his answer.

20 A This is all pretty far fetched. I really  
21 can't --

22 It's all of a very, very general nature  
23 and it's becoming cumulative if, and nothing else.  
24 It's now 25 minutes after. What's your plan  
25 gentleman?

1 MR. YANNY: Twenty-five after --

2 THE REFEREE: Four.

3 MR. MOXON: I have about three hours of  
4 cross-examination.

5 THE REFEREE: I'll leave it to ya'all to  
6 manage how you're going to proceed. You know how many  
7 days you have booked. You have an idea of what else  
8 you need to do.

9 The present schedule calls for the  
10 counsel to be examined on Wednesday and Thursday,  
11 which would mean that Mr. Armstrong and Mr. Greene and  
12 Ms. Phippany will be coming down here again on some  
13 occasion.

14 Or you can take them tomorrow. It's up  
15 to you all to figure out how you're going to do it.

16 MR. GREENE: Just to respond --

17 THE REFEREE: Off the record.

18 MR. GREENE: I'd like this on the record.

19 THE REFEREE: Fine.

20 MR. GREENE: I'd have a problem with  
21 staying here tomorrow. Mr. Moxon's San Francisco  
22 co-counsel knowing that I have been down here  
23 apparently has been giving notice to an answering  
24 machine in my office while I have been here of ex  
25 parte application in his Armstrong II in Marin County.



3           1       There are bases that I need to cover because of  
2           2       conduct like that. So I would really don't feel like  
3           3       I would be available.

4                       I'm a sole practitioner. My only  
5           5       assistant is Gerry Armstrong. So if Bowles & Moxon's  
6           6       co-counsel, Andrew Wilson, in San Francisco is giving  
7           7       notice to my answering machine knowing that I'm down  
8           8       here about ex parte applications that he's making in  
9           9       Marin, I have bases in Marin that I have to catch up  
10          10      with and cover.

11                     THE REFEREE: It doesn't matter to me  
12          12      when you all work it out.

13                     I'm saying plaintiff is entitled to  
14          14      finish this deposition. Mr. Yanny apparently has some  
4           15      more questions he wants to ask.

16                     MR. BERRY: Might I suggest Your Honor we  
17          17      agree a date to resume at the end of today's session?  
18          18      Five I think Your Honor finishes.

19                     THE REFEREE: I think it just runs to  
20          20      4:30.

21                     MR. MOXON: I can't give a date now  
22          22      without consulting with the people in my office who  
23          23      actually work on this case. If you like I can do  
24          24      that. It would probably be best to do it now.

25                     MR. GREENE: One other housekeeping

4           1       matter just has to do with Mr. Armstrong's opportunity  
2           2       to review his testimony.

3                       Our request would be that it would be  
4           4       sufficient for a copy of his testimony be supplied  
5           5       through one of lawyers here and that he could review  
6           6       and approve that, because obviously the court  
7           7       reporter's here in San Francisco and down here in L.A.  
8           8       and Armstrong's north of San Francisco, which would  
9           9       make review at the court reporter's office very  
10          10       inconvenient.

11                      Is that alright?

12                      MR. MOXON: Do you want to order a copy  
13          13       of the transcript? I don't know you're going to  
14          14       provide the original.

15                      MR. GREENE: Previously when there were  
16          16       depositions in this case the way that it was handled  
17          17       was that the original went to Mr. Armstrong. He  
18          18       reviewed it and sent it to Mr. Moxon's office.

19                      If the same kind of arrangement happens  
20          20       here that would be great.

21                      MR. YANNY: I would note for the record  
22          22       as well as Your Honor, that's been a fairly standard  
23          23       approach for litigation I have handled for this  
24          24       organization.

25                      And these deposition were originally



4           1       scheduled up north where Mr. Armstrong resides. As an  
2           2       accomodation to everybody Mr. Armstrong agreed to come  
3           3       down. I don't see any reason for inconveniencing him  
4           4       to come down here.

5                       MR. MOXON: I have no problem with that.  
6           6       It was part of a meet and confer because we indicated  
7           7       we're going to file a motion to compel.

8                       MR. GREENE: Then the other outstanding  
9           9       matter is pursuant to the conference call that I had  
10          10       difficulty hearing everybody from down here.

11                      What I did try to hear was that our  
12          12       travel costs would be covered and I have advanced  
13          13       those and I would like to be reimbursed.

14                      MR. BERRY: I have indicated, Your Honor,  
15          15       of course we'll reimburse Mr. Greene. I think there's  
16          16       contributions from the plaintiffs to consider.

17                      MR. MOXON: Not that I'm aware of.

18                      THE REFEREE: I honestly don't have a  
19          19       recollection. My general impression was it was going  
20          20       to be split.

21                      MR. BERRY: That is correct.

22                      THE REFEREE: I would think that would be  
23          23       appropriate.

24                      MR. MOXON: I don't know Your Honor. I  
25          25       can't make any representations.

1 THE REFEREE: I'm not asking you to know.  
2 I'm just asking you to check and I'm giving you my  
3 general recollection and my current feeling that that  
4 would be fair.

5 MR. BERRY: I think we agreed to split  
6 Mr. Greene, and there was reluctance on the part of  
7 the plaintiffs to pay anything for Mr. Armstrong.

8 We agreed to pay the entirety of Mr.  
9 Armstrong rather than argue at a great expense over  
10 the issue.

11 THE REFEREE: Then your recollection is  
12 more exact than mine.

13 Mr. Armstrong, it's clear -- and I'll do  
14 what ya'all wish with respect to instructions and  
15 whatnot -- it's clear that Mr. Armstrong's deposition  
16 is going to have to be renewed.

17 It has to be cheaper to bring him back  
18 down here than it is to move everybody up there. So  
19 if you all can agree on a date, fine. If you can't,  
20 I'll set a date. And then we'll have the pleasure of  
21 the northern California company again.

22 MR. MOXON: May I take a break and call  
23 my office Your Honor?

24 THE REFEREE: Sure.

25 ///



(Recess taken.)

MR. MOXON: We have agreed that we will start at 1:00 P.M. on the 7th.

THE REFEREE: We'll resume with Mr. Armstrong at 1:00 p.m. on the 7th, scheduled presently from 1:00 to 5:00.

And on the 8th from 9:00 to 12:00. 1:30 to 4:30. And in those, in that day and a half you would hope to cover, to finish Mr. Armstrong and to do Mr. Greene and Ms. Phippany.

MR. BERRY: How do we propose dealing with the question of money?

MR. MOXON: Take that up with Ms. Bartilson. I don't know what arrangements you made.

MR. YANNY: We just called your office. Why don't you ask her?

I advanced \$594 to fly the three of us down here.

MR. BERRY: I'm prepared to get a check tomorrow, but I would like the representation that I'm going to be reimbursed by Bowles & Moxon for whatever

4           1       share.

2                       THE REFEREE: I'm sure they're going to

3       reimburse you for at least half of Phippany and

4       Armstrong.

5                       And since recollections differ, some part

6       of Greene or not some part of Greene.

7                       MR. MOXON: I thought it was the other

8       way around?

9                       THE REFEREE: Whatever.

10                      MR. MOXON: Yanny's office was paying for

11       Armstrong.

12                      THE REFEREE: Split two and one question.

13                      MR. GREENE: Sounds like a good summary.

14                      THE REPORTER: Who wants a copy of this

15       deposition?

16                      MR. BERRY: I do.

17                      MR. MOXON: The original will be sent to

18       Mr. Greene for review and the original to be sent back

19       to my office.

20                      When do you want your copy?

21                      MR. BERRY: Whenever you get yours.

22                      MR. MOXON: We need it by tonight, 3/17.

23       Around midnight is okay.

24

25                      (Ending time: 4:50 p.m.)



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STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

I, the undersigned, declare under penalty  
of perjury that I have read the foregoing  
transcript, and I have made any corrections,  
additions, or deletions that I was desirous of  
making; that the foregoing is a true and correct  
transcript of my testimony contained therein.

Executed this \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_\_\_, at \_\_\_\_\_, \_\_\_\_\_.  
(City) (State)

\_\_\_\_\_  
GERALD ARMSTRONG

STATE OF CALIFORNIA )

COUNTY OF LOS ANGELES )

I, JAN W. SERRA, CSR No. 8207,  
Certified Shorthand Reporter, certify:

That the foregoing proceedings were,  
taken before me at the time and place therein set  
forth, at which time the witness:

GERALD ARMSTRONG,

was put under oath by me;

That the testimony of the witness And  
all objections made at the time of the examination  
were recorded stenographically by me and were  
thereafter transcribed;

That the foregoing is a true and correct transcript of my shorthand notes so taken.

I further certify that I am not a relative or employee of any attorney of any of the parties, nor financially interested in the action.

Dated this March 17, 1992.

Certified Shorthand Reporter